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August 1986 • Economic Research Service
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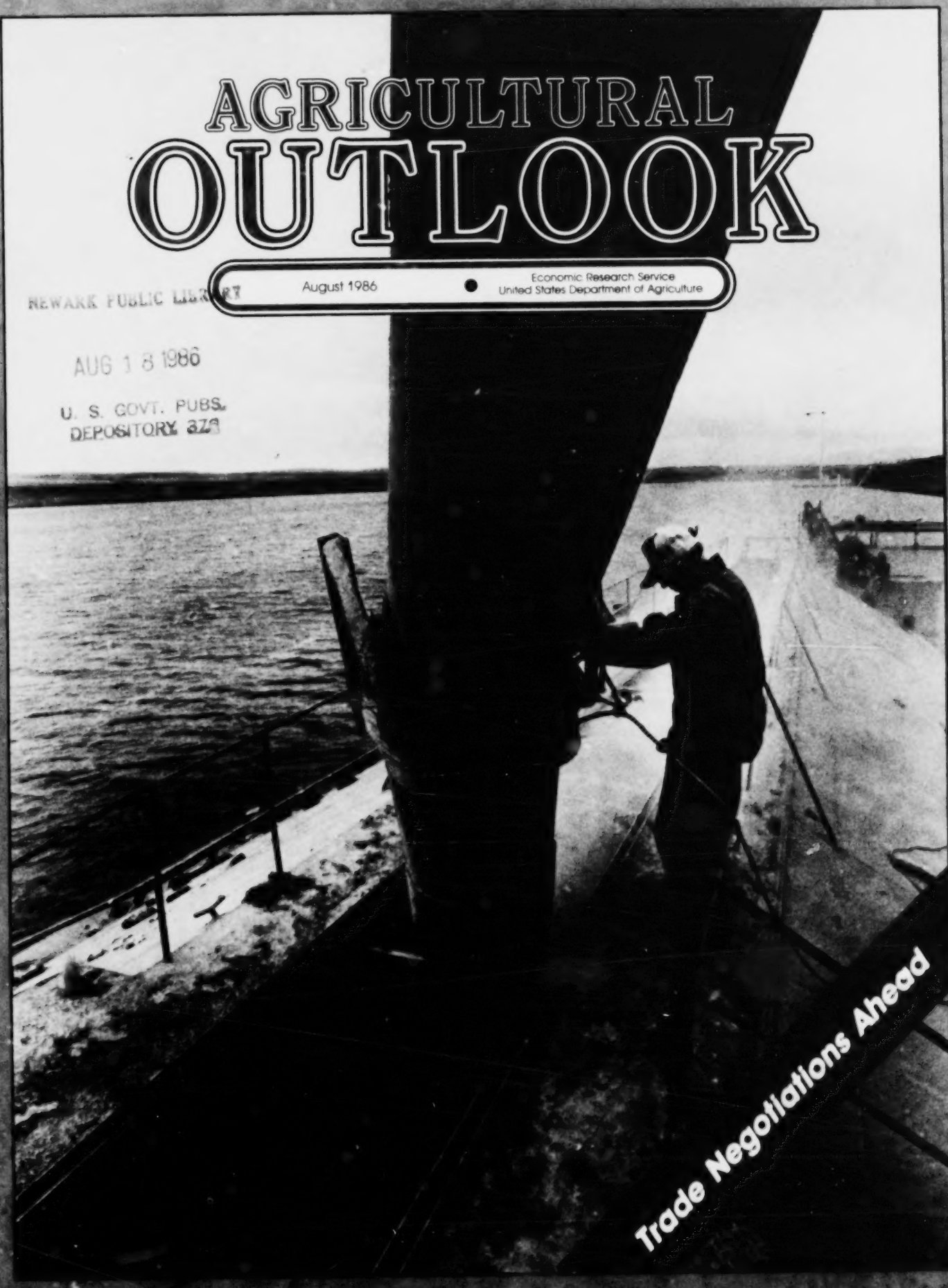

Trade Negotiations Ahead

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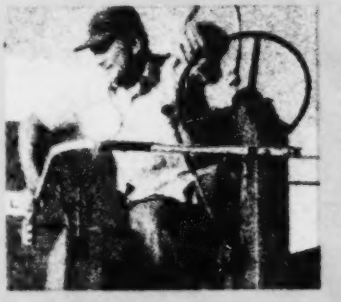

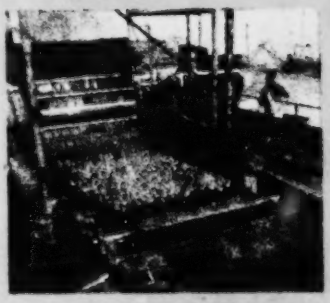

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Contents of this report have been approved by the World Agricultural Outlook Board, and the summary was released July 18, 1986. Materials may be reprinted without permission. *Agricultural Outlook* is published monthly, except for the January/February combined issue. Price and quantity forecasts for crops are based on the July 11 World Agriculture Supply and Demand Estimates.

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The next issue of *Agricultural Outlook* (AO-123) is scheduled for mailing on September 3, 1986. If you do not receive AO-123 by September 17, call the Managing Editor (be sure to have your mailing label handy). The full text and tables of AO-123 will also be available electronically. For more information, write EMS/USDA, 1301 New York Avenue, N.W., Room 228, Washington, D.C. 20005-4789, or call (202) 786-1494.

In Brief. . . News of Dairy Outlook, Food Prices, Rail Competition

Current exports of feed grains and cotton are slow, partly because competitors' prices are lower than U.S. But, sales for the new marketing years beginning in August and September are up substantially because new, lower U.S. prices for feed grains and cotton will take effect then. Futures markets indicate that by September corn may drop about 80 cents a bushel from the June average. Also, cotton futures prices are more than 30 cents a pound below current cash prices. The 1986/87 wheat marketing year has already begun, and wheat sales have risen, but most of the increase is due to the Export Enhancement Program.

Increasing U.S. agricultural export volume hinges not only on lower new-crop prices, but also on the size of foreign harvests and foreign governments' reaction to the new U.S. programs. Feed grain exports during 1986/87 are forecast to rise nearly 30 percent from a year earlier, and cotton exports may triple. U.S. wheat exports, which face stiff competition, are expected to climb about 20 percent.

The Dairy Termination Program is now removing large amounts of milk production capacity and will be a major factor shaping 1986 and 1987 production levels. The program is speeding the exit of some producers who would have left dairying anyway. Hence, its impact on production will diminish substantially over time, and production in later years will be affected largely by the conflicting forces of increasing supply and declining returns.

Hog inventories may begin to recover later this year. Pork producers continued to reduce their herds through this spring, and as of June 1 intended to reduce sharply the number of sows farrowing in second-half 1986. This means that pork production will probably decline for another year. However, hog prices rallied about $20 per cwt in July, to near $60, and feed costs will likely continue low through

fall. The prospects for higher earnings may lead to expansion.

Cattle producers have just finished carrying out breeding decisions that will affect beef supplies in 1988. Supplies have remained fairly steady through the 1980's, but the cattle inventory has fallen 10 million head since 1982 because of increased cow slaughter and reduced heifer retention for the breeding herd. The cattle inventory at the beginning of the year was the lowest since 1963, and almost certainly will keep declining for at least the next year.

International trade tensions continue as the world moves toward a new round of trade talks. Agricultural issues are numerous. The U.S. will try to negotiate expansion in beef and citrus exports to Japan for the period after the current agreement expires in 1988. Northeast U.S. dairy farmers, Midwest hog producers, Northwest lumbering concerns, and others will want to watch talks aimed at freer trade with Canada. U.S. exports to many countries could rise if stronger and clearer GATT rules are negotiated on agricultural export subsidies and nontariff barriers.

Statistical analysis indicates that competition among railroads has an important effect on rail rates. For example, analysis shows that a corn shipment of average size and distance is priced 18 percent lower when there are two equal-sized rail competitors than when there is just one railroad in a district. Adding a third competitor of the same size reduces rates an additional 11 percent.

Americans allocated about 15 percent of disposable personal income to food in 1985. Less than 3-1/2 percent went to U.S. farmers, and about 1 percent went to imported and fishery products. The other 10-1/2 percent, over $300 billion, paid for food processing, transportation, storage, distribution, retailing, and other services.

During the first half of 1986, food prices averaged about 2 percent above the same period in 1985. The Consumer Price Index for food at home rose 1.5 percent and the CPI for food away from home climbed 4 percent.

World meat export volume and production have been increasing over the past 10 years. However, the export share of production has been constant at about 9 percent. Beef accounts for by far the greatest volume — 44 percent in 1985. However, both beef and lamb/mutton, although continuing to increase in volume, have been declining in export share.

Poultry exports worldwide have doubled over the past 10 years, but they accounted for only 14 percent of world meat exports in 1985. Pork, with a third of total exports last year, has also shown strong growth.

Agricultural Economy

A major goal of the 1985 farm act, passed last December, was to boost U.S. exports. But during May 1986, 5 months after the bill was passed, the U.S. balance of trade in agricultural products was negative for the first time in 15 years (table 28). What's happening to farm exports? When will they improve?

The volume of exports will start rising when U.S. prices for the major commodities drop to world levels. U.S. prices for wheat, feed grains, soybeans, cotton, rice, and tobacco have been declining since 1983/84 (table 26). Rice prices dropped sharply after April 15 and wheat prices fell during May and June as the new farm programs for those crops took effect.

However, the new marketing year for cotton does not begin until August and for corn, sorghum, and soybeans, not until September. Thus, U.S. prices for some products are still above competitors' prices.

For example, since 1980 Argentine wheat and corn have become progressively cheaper than U.S. grain. Even considering extra transportation costs to move Argentine grain to major markets (about $10 a ton), U.S. wheat prices in June were nearly 40 cents a bushel higher, while U.S. corn was about 20 cents higher.

Since 1984, U.S. wheat prices have fallen faster than Canadian and Australian prices. But, when differences in quality and transportation costs to Asian markets are considered, Canada and Australia may still have an advantage over the United States. While the United States has used the Export Enhancement Program and credit programs to offset some of this advantage, wheat from Argentina is definitely cheaper and the European Community also increased its shipments, so U.S. sales have lagged.

During August and September, U.S. grain prices will probably become more competitive. While cash prices for wheat fell more than 60 cents a bushel between May and June, the July futures contract indicates that prices may fall an additional 30 cents from the June average. A drop of that magnitude would bring U.S. prices close to Argentina's current levels.

Futures prices indicate that corn and cotton are also going to become cheaper when the lower loan rates and the marketing loan for cotton become effective. U.S. corn export prices in June were about 20 cents a bushel above Argentina's prices, but futures prices harbinger an 80-cent-per-bushel drop from the June average by September. Similarly, U.S. cotton prices, which are currently about 30 cents a pound above competitors' prices, are indicated to drop more than 30 cents by October.

Export sales for 1986/87 are well ahead of sales a year ago. However, about 2 million metric tons of wheat and wheat flour sales so far this marketing year have come from the Export Enhancement Program (EEP). Subtracting those shows that non-EEP wheat sales are at last season's slow pace. Still, the slow sales pace is not limited to the United States. Many

Export Prices for Wheat and Corn

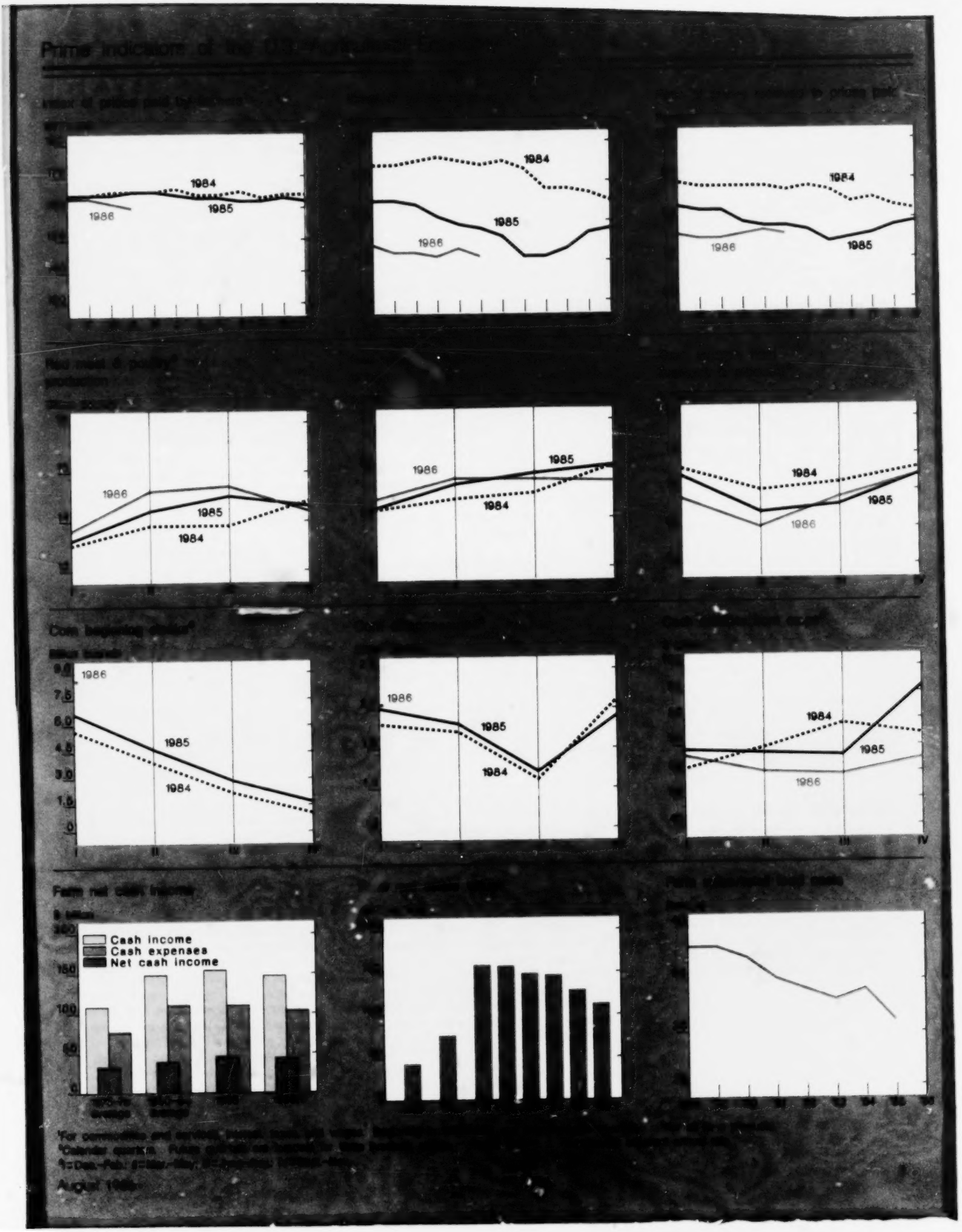
Year	Wheat				Corn	
	U.S. Gulf #2 HRW 1/	Argentina	Canada Vancouver #1 CWRS 2/	Australia 2/	U.S. Gulf #3 Yellow	Argentina
	$/bushel	Percent of U.S.			$/bushel	Percent of U.S.
1981	4.82	107	120	99	3.40	102
1982	4.41	102	115	99	2.79	99
1983	4.30	87	117	102	3.48	97
1984	4.16	88	122	100	3.51	96
1985	3.76	78	129	101	2.87	90
1986						
April	3.40	77	146	87	2.59	84
May	3.27	75	146	109	2.72	84
June	2.94	79	140	105	2.64	86

1/ HRW = Hard Red winter; CWRS = Canadian Western Red Spring.
2/ Canadian and Australian prices are official quotes. Trade sources indicate that actual sales occurred between $2.40 and $2.70 per bushel during June.

U.S. Grain and Cotton Prices

	Wheat Kansas City	Corn Chicago	Cotton New York
	Dollars/bushel		Cents/pound
May, ave.	3.40	2.57	63.95
June, ave.	2.78	2.55	65.24
Futures	2.49	1.76	30.37

*The lower prices do not include increased Government payments made directly to farmers.


1984
1985
1986
Cash income
Cash expenses
Net cash income

Total Export Commitments[1] for 1986/87

	Year ago	This year	Change
	1,000 metric tons		Percent
All wheat and products 2/	6,799	8,788	29
Corn	961	1,085	13
	1,000 bales		
All cotton	731	2,357	223

1/ Commitments include shipments as of July 10 plus sales for future delivery. 2/ Includes 2.1 million metric tons under the EEP.

major buyers, including the Soviet Union and China, have slowed their purchases from all sources, not just the United States.

The increase in export commitments for feed grains and cotton indicates that U.S. prices for those are competitive.

So, when will U.S. exports turn around? Hopefully, August and September. The amount of improvement over the next several years will be affected by the size of foreign harvests and foreign governments' reactions to the new programs. It will take time for lower prices to affect foreign production and consumption.

Nevertheless, advance export sales indicate that the volume of U.S. shipments will begin to improve when the new marketing years begin. The improvement in feed grain and cotton exports will probably be greater than the rise in wheat exports. *[Terry Townsend (202) 786-3313]*

LIVESTOCK HIGHLIGHTS

Cattle

Reports released by the National Agricultural Statistics Service in late July likely indicated the cattle sector's performance through 1987. Specifically, the reports give the size of the declining cattle inventory, estimate the 1986 calf crop, and show the number of cattle in feedlots.

Cattle producers through much of the country have just finished carrying out breeding decisions that will shape beef supplies in 1988. Beef cows and replacement heifers bred this spring will largely determine the number of calves born in first-half 1987 (nearly two-thirds of the annual calf crop are born in the first half of the year). These calves will be weaned in fall 1987 and marketed from feedlots in 1988, comprising about three-fourths of the year's beef supply.

The January report showed the cattle inventory at the beginning of this year to be the lowest since 1963. The July report indicates it will almost certainly keep declining through 1987. The cow herd inventory is probably in the fifth consecutive year of decline, while the calf crop for 1986 is in the sixth consecutive year.

Two key numbers to watch are replacement heifers calving and entering the herd in first-half 1986 and heifers being saved for possible herd expansion. Only 4.1 million beef and dairy heifers calved and entered the herd in first-half 1985, the lowest since 1982. The number of beef replacement heifers on July 1, 1985, was 4.9 million head, down 11 percent from a year earlier. Given the large beef and dairy cow slaughter through mid-1986, heifer figures in these ranges or lower would indicate continued inventory declines through at least 1987/88.

Since fewer heifers have been retained for the breeding herd in recent years, additional heifers have been available to keep feedlot placements large. At the same time, feeder cattle have been kept on pasture for additional growth, making them heavier when they are placed on feed and marketed.

Consequently, beef supplies have remained fairly steady through the 1980's, while the cattle inventory has fallen by 10 million head since 1982 (tables 10 and 16). Record-large total meat supplies, poor returns, and forage problems in many areas have forced the continued liquidation. More importantly, continued slaughter of the beef cow herd and lower heifer retention are sharply reducing the base for future beef production.

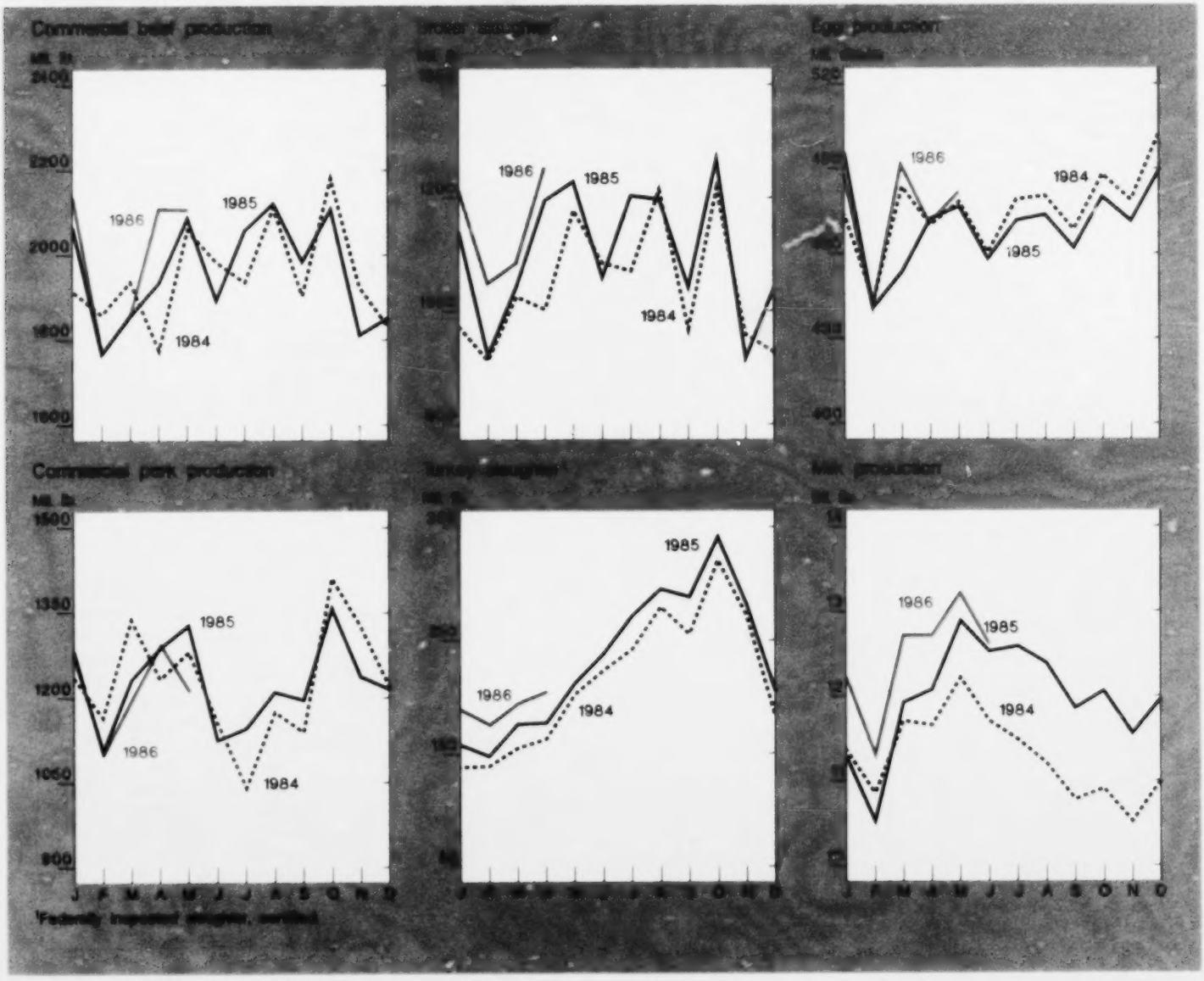
This spring, beef supplies have been kept up by year-to-year increases in cow slaughter due to the larger dairy cow slaughter under the Dairy Termination Program. However, additional Government purchases of red meat, mainly beef, should more than offset the impact of the dairy slaughter. Beef supplies are expected to decline in second-half 1986, as the amount of dairy slaughter falls and as feedlot marketings are lowered, particularly this fall.

These prospects for lower beef supplies, plus sharp reductions in pork supplies, have pushed fed cattle prices from the low $50's per cwt in early June to the upper $50's in early July. Prices for yearling feeder steers have also risen about $5 per cwt. Utility cow prices continue to average in the upper $30's. *[Ronald Gustafson (202) 786-1830]*

Hogs

Hog prices in late June rallied into the low $60's, up sharply from the high $30's in mid-April. The rally was due to sharp year-over-year declines in slaughter rates, imports, and cold storage stocks. Prices fluctuated around $60 in July, partially because of hot weather that reduced the supply of hogs brought to market in some areas. In August, prices are expected to average in the high $50's, unless abnormally hot weather continues. In September, prices are expected to decline seasonally.

For the third quarter, prices at the 7 markets are likely to average $54 to $58 per cwt. Some price decline is expected, partially because packers bid up prices as they competed in late spring and early summer for a limited supply of market-ready hogs (table 8). Live hog prices were overbid in relation to the prices packers could get from wholesale cuts.



So, packers may be setting operating hours and plant closings in the summer months in line with the smaller number of hogs expected, but may bid aggressively for the limited number of hogs available. However, prices are expected to return to a more normal relationship with the value of wholesale cuts (about 73 percent of the U.S. 2 carcass cutout value). In addition, the wholesale value is expected to be pressured by abundant supplies of other meats and rising retail prices.

The June 1 *Hogs and Pigs* report indicated that producers continued to reduce their herds though last spring and intend to reduce sharply the number of sows farrowing in last-half 1986. The market hog inventory and farrowing intentions, if realized, mean pork production will decline year-over-year through first-half 1987.

The continued reduction is the result of a long period of low returns and financial stress. The average farrow-to-finish producer's returns exceeded cash and replacement costs in only 1 of the past 7 years — 1982.

In the first 4 months of 1986, producer returns were also below breakeven, although forward contracting opportunities provided a return near costs. In

Hog-Steer Price Reversals

During June, average hog prices at the 7 markets exceeded Omaha steer prices — a reversal that has happened only once before in the 1980's. In September 1982, hog prices topped steer prices by $1.76 a cwt. During that month, beef production was up 5 percent from a year earlier, while pork production was down 14 percent.

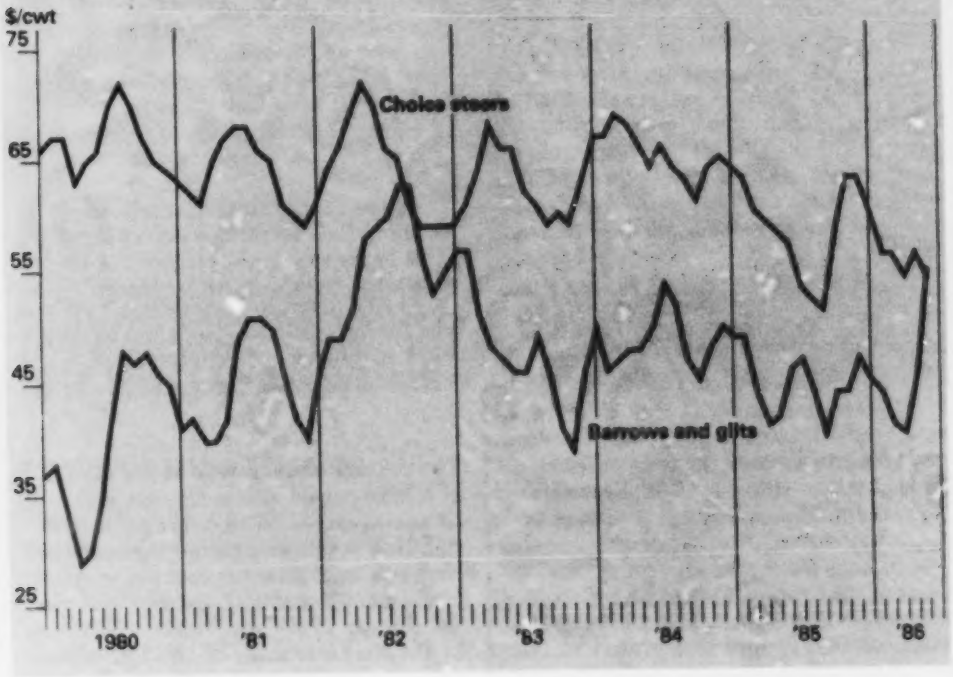
The price reversal usually happens when market hogs are in limited supply and cattle are being liquidated, often because of drought-reduced forage supplies. Hog prices are typically about three-fourths of the choice steer price. The June reversal occurred with a limited supply of market-ready hogs and a large cattle slaughter because of the dairy buyout.

During the 1970's, hog prices exceeded steer prices 35 out of 55 months from August 1973 to February 1978. Again, hog inventory was very low and cattle numbers reached a record high.

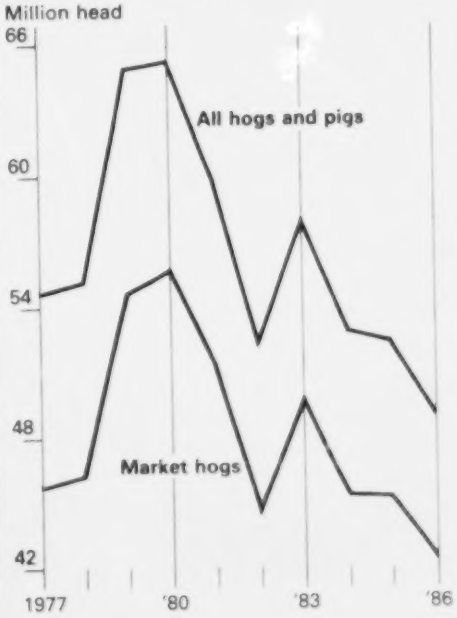
In the 1960's, only in 3 months — December 1965 through February 1966 — did hog prices average higher than steer. The phenomenon also happened during the cattle herd liquidation of the mid-1950's. That liquidation was due to severe drought. Hog prices passed steer prices in 14 out of 16 months from April 1953 to July 1954.

In total, from January 1950 to June 1986, hog prices have been greater than steer prices in 53 months, or 12 percent of the time. Current expectations are that hog and steer prices will move toward a more normal relationship this fall. Hog prices usually decline in the fourth quarter as pork production increases. Choice steer prices are expected to strengthen from June as the supply of market-ready steers tightens this fall. *[Leland Southard (202) 786-1830]*

Normal Hog-Steer Price Relationship Upset in June



June 1 Inventory of Hogs and Pigs Was Lowest in Years



addition, financial stress continued, with many producers pressed for cash to cover spring planting and suffering poor returns for both hogs and crops. However, the spring price rally provided producers with relatively high returns and favorable forward-contracting opportunities.

Mid-July returns were the highest since 1982 and early 1983 (table 16). Feed costs have moderated recently and likely will continue lower through fall. The relatively high current returns, and prospects for attractive returns for at least the next year, have set the stage for expansion. But, producers will probably need to pocket a few months of attractive returns before they enlarge their breeding herds.

Producers and lenders may use the period of relatively high returns to reduce debt and rebuild a capital base. Thus, producers may wait to begin breeding herd expansion until late this fall. If they do wait, pork production will not increase year-over-year until second-half 1987.

Hog prices are expected to average in the middle $50's per cwt during second-half 1986. They will be strengthened by reduced red meat production and low pork storage stocks. However, the price strength will be tempered by a sluggish economy and a continued increase in poultry output. *[Leland Southard (202) 786-1830]*

Broilers
Whole-broiler prices in the 12 cities have been strong so far this summer. The combination of seasonally greater demand and smaller red meat supplies has strengthened prices (table 13).

These factors are expected to continue, offsetting the normal price-weakening effect of increased supplies. Prices in the third quarter may average 58 to 62 cents per pound, up from 51 last year. During the fourth quarter, prices may average 52 to 58 cents, compared with 50 last year.

Stronger prices have encouraged producers to expand output. Eggs placed in incubators from mid-April to mid-May were up 4 to 5 percent from a year earlier in the 12 major States. If these birds are slaughtered in 10 to 12 weeks, the slaughter number in late July and August may be up 4 to 5 percent.

The amount of ready-to-cook broiler meat slaughtered in federally inspected plants in the third quarter is expected to be 5 percent above 1985. Slaughter is usually about 200 million pounds higher during the second and third quarters than in the first and fourth, so production will probably decline during the fall. However, fall production could still be about 6 percent above fall last year.

Net returns to producers selling at wholesale have remained very favorable thus far in 1986. Estimated costs of production in the first half have been about 45 cents per pound. If grain prices decline as expected, second-half costs of production may be near or slightly below first-half. So, favorable returns will probably continue. *[Allen Baker (202) 786-1830]*

Turkeys
Net returns to turkey producers have been favorable during 1986, encouraging expanded production. Based on poults placed for slaughter in the third quarter, summer production may be up 11 to 12 percent from 1985. During the fourth quarter, output of turkey meat from federally inspected plants may be 14 to 16 percent above last year.

Cold storage stocks have been larger than last year. High prices for hen turkeys may have encouraged additional whole-bird storage. However, stocks of turkey parts have not increased. Thus, the strong market for processing turkey will likely stabilize prices even if stock building of whole turkeys should stop.

Prices of 8- to 16-pound hen turkeys in the Eastern region have strengthened in the third quarter, because of strong demand for processing turkey and smaller supplies of red meats. Prices of young hens may average 78 to 82 cents per pound, compared with 78 cents in 1985. During the fourth quarter, prices may average 87 to 93 cents, compared with 90 in 1985.

With grain prices expected to decline, producers will likely have favorable returns through 1986. If this is the case, 1986 will be the third profitable year in a row. *[Allen Baker (202) 786-1830]*

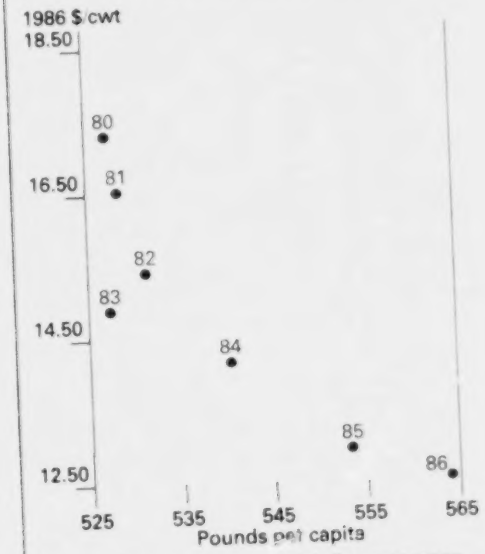
Eggs
Prices for eggs usually increase seasonally before Labor Day in anticipation of school reopening and people resuming their routines after vacations. Also, feed costs will be lower in second-half 1986, helping hold down production costs. Therefore, net returns to producers are likely to improve from the unfavorable levels that occurred late in the second quarter.

Prices for cartoned Grade A large eggs in New York are expected to average 66 to 70 cents per dozen during the third quarter, near last year's 68. Fourth-quarter prices, which usually strengthen in response to holiday baking, are likely to average 67 to 73 cents, down from 76 last year. Egg prices may get a boost if reduced pork and beef supplies result in stronger retail meat prices. In the past, rapidly rising meat prices have tended to encourage consumers to buy eggs.

Improved returns in late 1985 plus an aging flock prompted producers to order more chicks than a year earlier, increasing the size of the laying flocks. Layers on farms on June 1 numbered 2 percent above 1985. Some producers are recycling their old hens as well, so the number of hens on farms will likely remain above last year. With additional hens in the second half, egg production may be about 2 percent above last year (table 11). *[Allen Baker (202) 786-1830]*

Dairy
Milk production in July declined seasonally from a year earlier. Meanwhile, commercial use continues to post large year-over-year gains. This combination has sharply reduced Government purchases and will allow a larger seasonal price rise during the second half of 1986 than in most recent years (tables 12 and 14).

Milk Use Rising in 1980's as Prices Fall



Use = per capita commercial disappearance.
Prices = all milk, delivered to dealers, deflated by CPI and adjusted to 1986 = 100.
1986 forecast.

The Dairy Termination Program is the dominant force shaping milk production. However, the timing of program producers' exits, the expansion by those remaining, commercial stock patterns, and the growth of commercial use will also strongly affect the size and duration of the seasonal price rise.

The impact of the buyout program appeared quickly in milk production. In June, production was about 1.4 percent above a year earlier, compared with a 7-percent year-over-year rise last winter. Milk production will drop below a year ago this summer.

Some producers not in the buyout program will continue to expand milk output. Stronger seasonal milk price rises, combined with continued low feed prices, will provide additional incentive. However, returns over concentrate costs will be held below the levels of the early 1980's. Substantial production declines during the second half because of the buyout should partly offset the large rises already posted, leaving the 1986 total about 1 percent above 1985's record 143.7 billion pounds.

Wholesale butter prices have risen this summer and some additional increase seems likely. Cheese prices could also show substantial strength,

although the gains will start later and be smaller. Any increases in wholesale prices of nonfat dry milk probably will be small, unless cheese prices climb considerably more than expected.

Farm milk prices this autumn will be lifted above a year earlier by rising wholesale prices. However, the average price of all milk during 1986 may be 25-40 cents under 1985's $12.75 per cwt. Adjusted for deductions, the effective price will decline 50-65 cents and be the lowest since 1979.

Retail dairy prices have run slightly below a year ago thus far in 1986. Prices later in the year will be pushed up by strengthening wholesale prices. However, the wider wholesale-retail margins created by 1985's wholesale price declines may cushion the initial effects. For all of 1986, retail dairy prices will average about the same to slightly below 1985.

Commercial disappearance continues to be boosted by declining real dairy prices, a growing economy, and expanded promotion. Commercial use of milk and dairy products (milkfat basis) was up more than 4 percent during January-May. Cheese sales were up a very strong 8 percent, butter posted a gain of 1.5 percent, and fluid milk use was 1 percent higher. Expected increases during the rest of the year, combined with the larger gains already posted, should lift the 1986 total 2-4 percent above 1985.

Commercial stocks of dairy products on June 1 were below a year earlier. Stocks held by the trade should increase for the next few months in anticipation of dropping supplies of milk for manufacturing, and expected gains in product prices. Commercial stock levels will have a major influence on wholesale price rises during the second half.

During the first 6 months of 1986, Government purchases totaled 9.3 billion pounds, milk equivalent (milkfat basis), up from 8.4 billion a year earlier. In June, however, net purchases (delivery basis) were 14 percent below a year earlier. Surplus removals of butter and cheese probably will remain lower. However, significant purchases of nonfat dry milk should persist at least through late summer. *[Clifford Carman (202) 786-1830]*

Milk Supplies After the Buyout

The Dairy Termination Program is now removing large amounts of milk production capacity and will be a major factor shaping 1986 and 1987 production levels. The program is speeding the exit of some producers who would have left dairying anyway. Hence, its impact on production will diminish substantially over time, and production in later years will be affected largely by the conflicting forces of increasing supply and declining returns.

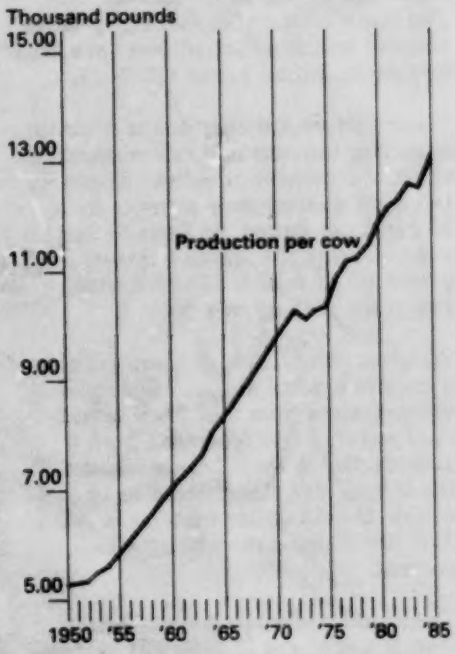
Milk production increased 12 percent between 1980 and 1985, despite declining prices and returns. This large boost in supply is probably unprecedented. Effective milk prices (net of price support deductions) declined 3.3 percent during the period, slightly more than all crop prices but not as sharply as other livestock prices.

Lower feed prices have cushioned some of the milk-price decline, but nominal returns over concentrate costs were 2 percent less in 1985 than in 1980. Nominal returns over all cash and replacement costs have fallen 14 percent during the same period. Moreover, accounting for inflation makes these drops much more pronounced. Real returns over cash and replacement costs in 1985 were down a third from 1980 and close to the level of 1975 — when only four-fifths as much milk was produced.

Productivity gains have counted heavily in the supply boost. Genetic improvement and better management of feeding, reproduction, and health have played their roles. However, substantial productivity gains have been an important feature of dairying for several decades. It is possible, but by no means clear, that productivity gains have accelerated during the eighties.

One clear difference between 1980-1985 and earlier periods was the very low rate of exit from dairying. Into the mid-seventies, the exit rate, although varying with economic conditions, stayed high enough to allow remaining producers to grow without necessarily boosting total production. During the early eighties, though, exit rates (exclusive of ownership changes) probably stayed close to the 1 percent indicated for 1982.

Milk Yields Rising at Steady Pace



Part of the drop may reflect increased specialization of dairy farms. Many exits in earlier years represented farmers who dropped dairying to expand another side of their farming operation, not producers leaving the farm or completely altering farm operations. Another factor in the low exit rate probably was the lack of attractive options to lure away dairy farmers.

Rapid development of the dairy industry in parts of the Mountain and Pacific regions is another supply shifter (a factor changing quantities that dairy farmers can supply at a given market price). Production costs there are relatively low, and the area's share of U.S. production has grown significantly. Because recent national exit rates have been low, growth in the Western dairy industry is boosting U.S. output.

Low feed prices have been a factor in the supply shift but have played a seemingly paradoxical role in the 1980-85 expansion. Declines in costs of concentrate feeds per cwt of milk have been outstripped by milk price declines, so they probably had little impact on herd size decisions. How-

ever, the milk-feed price ratio has stayed high, leading to heavy feeding rates and accelerated growth in production per cow.

The heavy surpluses have led to reductions in the effective support level every year since 1983. A small further reduction is mandated for 1987 and declines are possible each year during 1988-90, depending on the surplus.

By 1987, reductions from 1982 will total $2 per cwt. By 1990, they could reach $3.50.

Lower prices have put some producers under financial stress, either because they cannot compete or because their debt load is too high at these reduced returns. Data show the share of dairy farms with financial difficulties to be high relative both to other farms and to dairy farms in the early eighties. The other major effect of lower returns has been to curtail or eliminate some producers' ability to take on additional debt, reducing their ability to expand.

After the initial impact of the buyout program, milk production will be subjected to continued supply shifts and lower returns. There is no evidence that shifts are abating. In fact, growth hormones and other new technologies may accelerate the gains. Extended squeezes on returns tend to produce growing downward pressure on milk production levels -- pressure which may persist beyond the period of lower returns.

The accelerated exit because of the buyout program will be followed by a period of reduced exit rates. This effect may be most pronounced during late 1987 and 1988. The exit rate will then move up to the level dictated by economic conditions.

The long-run prospects for milk production will remain very unsettled. A case could be made for domination by either of the two opposing forces, increasing supply or dwindling returns. The support price flexibility granted by the Food Security Act of 1985 may prove to be its most important dairy provision. This flexibility will allow the Secretary to mitigate -- if not fully offset -- the effects of whichever force is dominant. *[Jim Miller (202) 786-1830]*

Dairy Receipts, Costs, Net Returns, and Production

	Total dairy receipts	Cash costs plus capital replacement	Receipts less cash expenses and replacements	Milk production
		$/cwt		Bil. pounds
1976	10.32	8.00	2.32	120.2
1977	10.36	7.86	2.50	122.7
1978	11.55	8.24	3.31	121.9
1979	13.42	9.75	3.67	123.3
1980	14.33	11.02	3.31	128.4
1981	14.94	11.54	3.40	132.8
1982	14.66	11.47	3.19	135.5
1983	14.59	12.03	2.56	139.7
1984	14.44	12.14	2.30	135.4
1985	13.64	11.20	2.44	143.7

1984 preliminary. 1985 estimated.

Farms Leaving and Staying in Milk Production

Year	Continuing farms: Number	Continuing farms: Average herd size	Exiting farms: Number	Exiting farms: Average herd size	Exiting farms: As percent of all farms	Herds as percent of all cows
1969	340,000	31.2	20,000	16.0	6.0	3.1
1974	242,000	42.2	5,000	36.4	1.4	1.2
1978	214,000	42.7	7,000	24.7	3.3	1.9
1982	197,000	54.1	2,000	36.4	1.2	.8

Milk-Feed Concentrate Price Relationships

Year	All milk sold to plants	Ration value	Milk/ration relationship	Cost of concentrate fed 1/	Returns over concentrate costs	Concentrate per cow
	$/cwt		Pounds	$/cwt		Pounds
1976	9.66	6.30	1.53	2.63	7.03	4,545
1977	9.72	6.20	1.57	2.61	7.11	4,709
1978 2/	10.58	6.08	1.74	2.60	7.98	4,803
1979	12.02	6.68	1.80	2.95	9.07	5,070
1980	13.05	7.42	1.76	3.28	9.77	5,260
1981	13.77	8.02	1.72	3.44	10.33	5,220
1982	13.61	7.45	1.83	3.26	10.35	5,380
1983	13.58	7.88	1.72	3.40	10.18	5,438
1984	13.46	8.16	1.65	3.43	10.03	5,253
1985	12.75	7.35	1.73	3.07	9.68	5,442

1/ Value of concentrate fed per cwt of milk produced. 2/ 1978 only, simple average of reported monthly prices.

CROP HIGHLIGHTS

Wheat
Wheat is being harvested earlier than usual this year. If the harvest reaches the forecast 2.17 billion bushels (table 17), this crop will be the smallest in 7 years and 16 percent below the production average for the 1980's.

Less-than-favorable growing conditions and reduced plantings lowered winter wheat production 15 percent from 1985, although favorable soil moisture may lift the coming spring wheat harvest above last year's large output. Even though the total harvest will be smaller, U.S. supplies for 1986/87 will be a record 4.07 billion bushels.

These large supplies and the $2.40-per-bushel loan rate will shape the U.S. price outlook. Heavy use of the loan should put the 1986/87 farm price average between $2.25 and $2.50 a bushel, compared with a $3.16 season average and $3.30 loan rate in 1985/86.

World wheat production this season is forecast at 504 million tons, up 2 million from last year (table 25). Total Canadian wheat area is expected to be up 4 percent, to a record 14.2 million hectares. Higher area and improved yields are forecast to produce a record crop of nearly 1 billion bushels in Canada. In the USSR, reduced area and poorer growing conditions for winter wheat are resulting in a forecast 7-million-ton drop from last year's output.

Looking back on the 1985/86 trade year, world trade contracted 20 percent. Large harvests in the USSR, Brazil, and several other major importers cut world import demand and helped to drive world export prices lower. The United States suffered because the loan rate kept U.S. export prices from falling to match those of competitors. U.S. exports of wheat and flour fell to 25 million tons, with a market share of only 29 percent, the lowest since 1953/54.

Wheat Program Announced

The 1987 wheat program has been announced. Below is a comparison with the 1986 program.

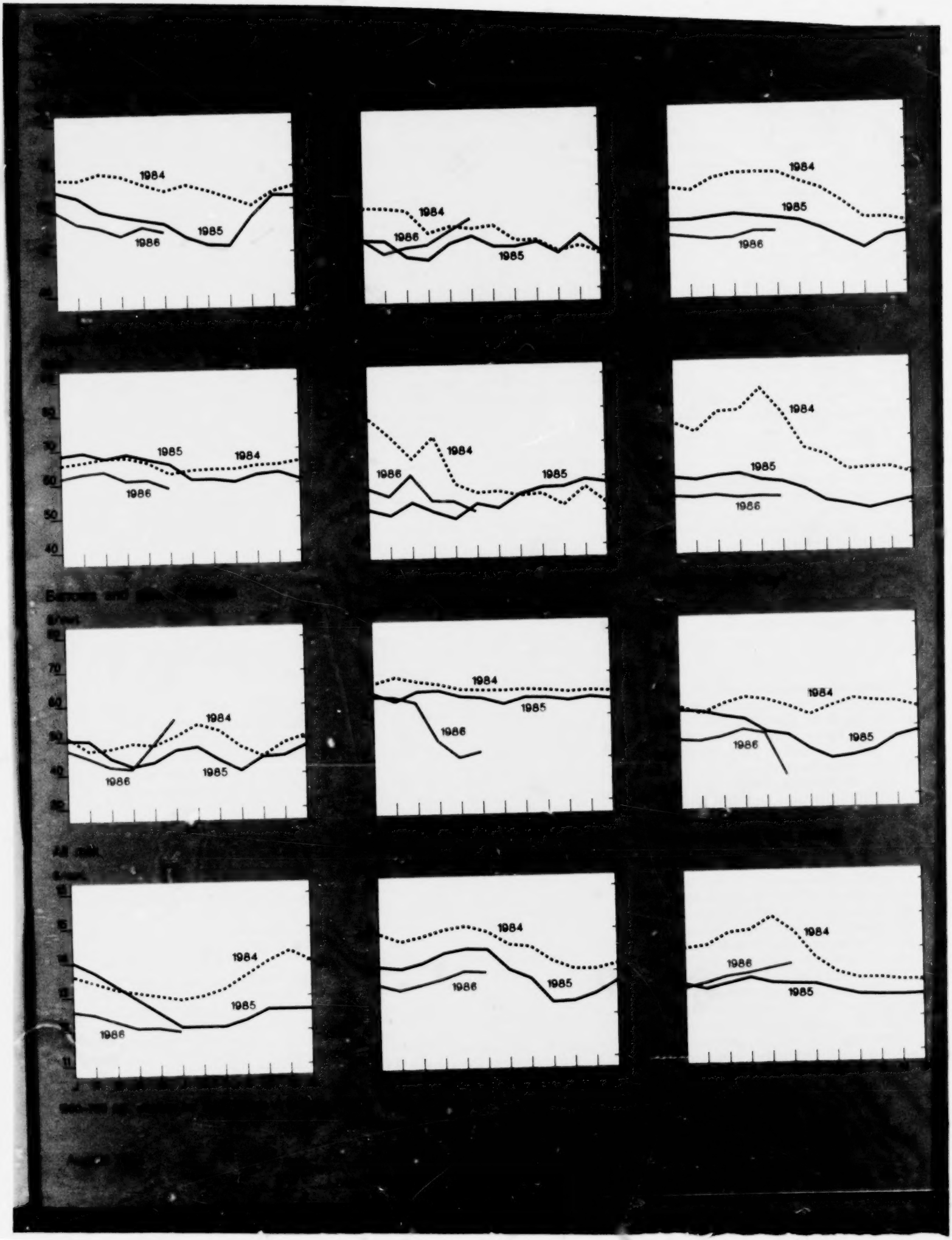
	1986	1987
Loan rate ($)	2.40	2.28
Target price ($)	4.38	4.38
Maximum deficiency payment (not counting Gramm-Rudman) ($)	1.98	2.10
Acreage reduction (%)	22.5	27.5
Paid land diversion (%)	2.5	None announced
50/92 provision	Yes	Yes

- No marketing quotas are in effect for the 1987 crop.
- The marketing loan program will not be implemented.
- Limited cross-compliance is in effect for 1987. To receive benefits under the wheat, feed grain, cotton, or rice programs, a farmer may not plant for harvest any program crop in excess of its acreage base.
- Offsetting adjustments of up to 10 percent in crop acreage bases will not be permitted.
- Offsetting compliance will not apply.
- The size of the farmer-owned reserve will be limited to 17 percent of estimated use during 1987/88.
- Actual yields in 1987 and subsequent years will not be used to establish 1988 and future program yields.
- Signup will extend from October 1, 1986, to March 30, 1987.

Wheat and Wheat Products Export Commitments

	Total commitments			Share of 86/87 commitments under EEP
	1985/86	1986/87	Change	
	Thousand metric tons		Percent	
EC-12	189.0	201.8	7	0
Eastern Europe	0	219.8	All	92
Yugoslavia	0	201.4	All	100
Other Asia & Oceania	1,257.5	1,831.0	42	14
Bangladesh	0	262.7	All	0
Iraq	173.0	261.9	51	20
Jordan	33.0	78.7	138	64
South Korea	441.7	494.5	12	0
Sri Lanka	0	50.0	All	100
Turkey	0	50.0	All	100
Yemen, S.A.	13.9	50.0	260	100
Africa	1,156.8	2,569.0	122	63
Algeria	125.0	703.4	463	63
Benin	0	10.0	All	100
Egypt	216.2	1,443.7	568	73
Morocco	183.7	72.5	-61	55
Nigeria	337.5	85.3	-75	0
South Africa	26.9	90.0	235	0
Tunisia	27.2	33.5	23	100
Zaire	13.1	50.4	285	100
Western Hemis.	1,843.6	1,727.5	-6	0
Brazil	634.6	135.3	-79	0
Ecuador	226.2	321.9	42	0
Venezuela	168.0	276.3	64	0
Total	6,021.6	8,245.2	37	25

*As of July 3.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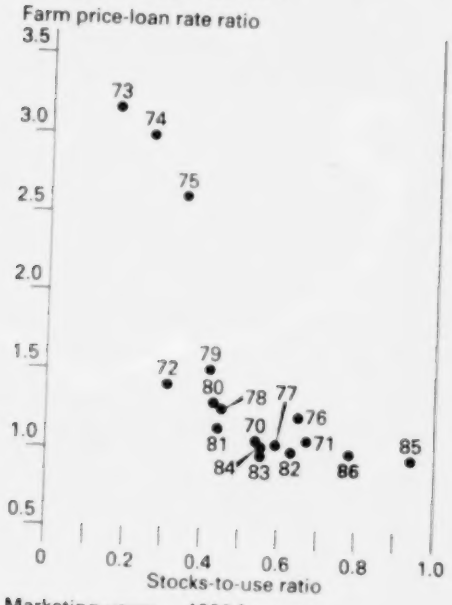
Wheat Stocks-to-Use Ratio Points to Loan-Rate Prices in 1986



Marketing years. 1986 forecast.

World trade in 1986/87 may increase by 6 million tons, to 91.5 million, with major import gains forecast for the USSR, China, and Tunisia. Sharply lower loan rates and expanded promotion are expected to boost U.S. wheat exports by 5.5 million tons. Export sales of U.S. wheat and flour as of July 3 were ahead of last year by 2.2 million tons, but the increase was largely due to wheat and flour sales to Egypt and Algeria through the Export Enhancement Program.

Large commercial purchases by the USSR and China have been conspicuously absent thus far in 1986/87. Both countries may be waiting until August and September when their own harvests will be complete and when U.S. prices will be lower. *[Allen Schienbein (202) 786-1841 and Scott Reynolds (202) 786-1691]*

Rice

World milled rice production in 1986/87 is forecast at a record 321 million tons (471 million rough basis), up over 4 million from last year (table 25), mainly because of an expected 4-million-ton rebound in China's output. China produces nearly 40 percent of the world's rice and has made impressive yield gains, averaging 4.5 percent per year over the past decade. Production is also expected to expand in several of the other largest producers — Burma, Indonesia, Bangladesh, and Vietnam.

World trade in calendar 1986 is forecast at 12.2 million tons, up 700,000 from last year. The rise is expected to come mainly from increased needs in Brazil, Peru, and Vietnam, which overshadow a steep decline in Nigeria's anticipated imports.

Brazil's 1985/86 harvest, estimated at 6.3 million tons, was larger than expected, yet the Brazilian Government continues to import large quantities of rice to rebuild stocks. The Nigerian Government's ban on rice imports is part of a national drive for self-sufficiency and to limit hard currency outlays, and will likely remain in effect throughout 1986.

During the first half of 1986, Burma and Pakistan more than doubled their first-half 1985 rice exports. Expectations of lower U.S. prices and increased competition after April 15, when the marketing loan program began, caused Thailand to export aggressively early in 1986. Thai exports and commitments are currently running ahead of last year, resulting in forecast exports of 4.2 million tons, 5 percent above last year.

U.S. exports, after a very slow start, started to pick up at the end of April when prices fell. The most significant sales in recent weeks have been to Brazil, with more than 230,000 tons reported sold as of July 10. The U.S. sales to Brazil took place at about $210 per ton (f.o.b. Gulf), compared with offerings of Thai rice at $180 (f.o.b. Bangkok). The marketing loan program has reduced the gap between U.S. and Thai prices from about $180 per ton in late 1985 to about $30, which apparently is close enough to encourage purchases of U.S. rice in the nearby Brazilian market. U.S. long grain rice is closer to Brazilian rice than Thai rice is, allowing processors to blend U.S. rice with Brazil's domestic supply. The 1986 U.S. export forecast remains at 2.2 million tons, up 300,000 from last year.

Rice Export Sales and Prices

	New sales	Exports	Loan repayment rates 1/
	Million cwt		$/cwt
Jan	1.5	3.5	8.86
Feb	3.4	2.6	8.86
Mar	.5	3.2	8.86
Apr	2.4	1.2	4.09 2/
May	9.7	4.5	3.67
June	5.6	6.1	3.51

1/ Repayment rates for 1985-crop long grain rice stored on-farm, not including interest. 2/ Average price after April 15.

Since April 15, U.S. rice producers have been able to repay their 1985-crop loans at prevailing world prices. World prices are determined by a USDA committee which reviews all market prices and weights them to account for quality differences and other relevant factors. The derived prices are adjusted to reflect U.S. equivalent values at free-on-board (f.o.b.) vessel positions, U.S. port. These milled-rice values are then adjusted to a farm-level rough rice basis on which rice price support loans are made.

In April, the repayment rates for 1985-crop long grain rice stored on-farm averaged $4.09 per cwt, substantially lower than the $8.86 loan rate. The difference between these two rates shows how far world prices had dropped below U.S.-supported prices before the U.S. price floor was removed. By June, prices had dropped another 50-60 cents per cwt.

Historically, U.S. rice dominated the high-quality markets where consumers were willing to pay a higher price for a dependable supply of top quality rice. In recent years, however, other countries have increased both the quantity and quality of rice exported as well as reduced the price. Thus, U.S. prices had to be reduced to remain competitive in these markets. *[Scott Reynolds (202) 786-1691 and Janet Livezey (202) 786-1840]*

Conserving Use Acreage Rises Under 1985 Farm Bill

Plantings to the eight major field crops fell about 6 percent this season (table 17). However, increased participation in the commodity programs caused total acreage planted plus set aside to rise slightly. Farmers responded to the 1985 farm bill's significantly higher deficiency payments, marketing loans for cotton and rice, the underplanting provision, and the long-term Conservation Acreage Reserve (CAR) Program by devoting to conserving uses about 44 million acres and placing 3.8 million acres in the CAR. This entailed a 43-percent increase in set-aside over 1985 and a substantial rise over 1978-84, with the exception of 1983, the PIK year.

The last three farm bills have featured various provisions to control production. In 1978 and 1979, when farmers were required to set aside acreage to receive support payments, an average of 15.6 million acres was taken out of production, primarily to reduce corn and wheat output. Under the 1981 farm bill, higher support payments and acreage limitation levels pushed the total conservation area from 11 million acres in 1982 to about 31 million in 1985. The PIK program in 1983 pulled nearly 78 million acres out of production, 62 million from corn and wheat.

Since 1978, greater participation in commodity programs and increased conservation requirements have lowered total plantings for the eight major field crops. Plantings reached about 250 million acres this season, the lowest since 1973, excluding 227 million in the PIK year. The conserving use share of total acreage planted and set aside rose to 15 percent this year, compared with 4 to 11 percent from 1978 on (excluding 1983, which registered 26 percent). From 1978-79, when planted acreage averaged 261 million and set aside averaged 16 million, to 1986, each additional million acres set aside under Government programs coincided with a plantings cut of about 450,000 acres.

With the new farm bill establishing a combination of either fixed or slightly lower target prices and lower loan rates next season, participation in the commodity programs likely will remain very high, leading to further declines in planted acreage and additional increases in conserving use acreage. *[Michael Hanthorn (202)*

Planted and Set-Aside Acreage

Crop	1978-79 average	1982	1983	1984	1985	1986 1/
			Million acres			
Feed grains						
Corn	86.0	84.0	92.4	84.4	88.8	90.2
Grain sorghum	17.0	16.7	17.6	17.9	19.2	17.7
Barley	9.8	10.0	11.5	12.5	13.8	15.0
Oats 2/	10.4	10.4	9.4	8.3	8.3	9.8
Total	123.3	121.0	130.9	123.0	130.0	132.8
Other						
Wheat 3/	68.9	84.2	91.9	85.9	84.6	81.3
Rice	2.9	3.7	4.0	3.6	3.7	3.7
Soybeans 4/	68.1	70.9	63.8	67.8	63.1	61.8
Cotton	13.8	13.0	14.7	13.7	14.3	13.1
Total	277.0	292.7	305.3	294.0	295.7	292.7
Planted	261.4	281.6	227.4	267.0	265.0	248.8
Conserving use	15.6	11.1	77.9	27.0	30.7	43.9
			Percent			
Conserving use share	6	4	26	9	10	15

1/ Does not include 3.8 million acres placed in the Conservation Acreage Reserve thus far this year. 2/ Harvested and set-aside acreage. 3/ Plantings for Durum and spring wheat, harvested acreage for winter wheat, and all wheat conserving use acreage. 4/ Plantings only.

Feed Grains

Area planted to corn this season is estimated at 76.6 million acres, down 8 percent from last year. Sorghum area planted likely is down substantially, while barley and oat area have probably increased only marginally. The decline in corn area is due to heavy program signup and stiffer reduction requirements. Participation was about 70 percent of base in 1985, but has jumped to 83 percent in 1986. To be eligible for the 1985 program, the acreage reduction requirement for corn was 10 percent. For the 1986 program, the requirement increased to 20 percent.

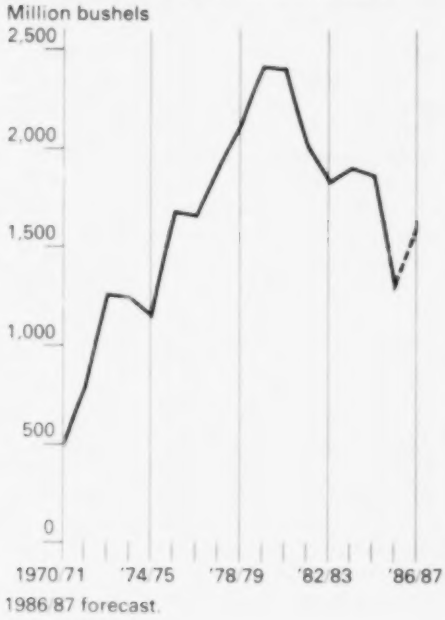
Corn Belt states (Illinois, Indiana, Iowa, Missouri, and Ohio) have indicated a 3.4-million-acre decline in area planted. Iowa, the largest producer, posted a 1.6-million-acre decline. However, crop conditions have been mostly good in the Corn Belt, leading to expectations of a 7.9-billion-bushel crop. Drought in the Southeast may cause a regional shortage of grain.

Domestic use of corn during January-May was up modestly from a year earlier, but exports — 491.6 million bushels — were the lowest since January-May 1973. The slow exports left almost 5 billion bushels of corn in stocks June 1, a record for the date (table 20).

More than 80 percent of June 1 stocks were pledged as collateral for regular and farmer-owned reserve loans or in CCC inventory. However, with the export pace likely to continue slow this summer and certificates available to redeem corn, there appears little likelihood that free stocks will tighten enough to raise prices.

Because of forecast record carryout and excellent Corn Belt growing conditions, corn supply in 1986/87 could reach almost 12 billion bushels. The lower expected farm price ($1.75-$2.00 per bushel) should stimulate use, but growth in domestic use will be limited because of reduced livestock inventories and low potential feed demand. Although exports should pick up by 27 percent, the projected 1.55-billion-

Despite Improvement, 1986/87 Corn Exports Not Likely To Match Record



bushel total is poor compared with the previous decade. Corn carryout could reach 5 billion bushels by fall 1987.

During 1986/87, U.S. coarse grain exports (October-September) are forecast to rise to 46.6 million tons – up almost 10 million tons and a gain in market share from 45 to 52 percent (table 17). Worldwide, coarse grain trade prospects are better for 1986/87. But, at only 90 million tons, world trade will still be 11 million tons below the early 1980's.

Global coarse grain production for 1986/87 is projected at 818 million metric tons, the second largest ever, but 25 million below last year (table 25). The smaller U.S. crop accounts for more than the total decline, since foreign production is expected to increase about 5 million tons to 573 million.

China, the USSR, and Europe account for more than 60 percent of foreign coarse grain outturn. While Eastern Europe's output is expected to be up marginally from last year, Western Europe's output may be down 6 million tons. Soviet coarse grain purchases have been so large and fluctuated so much in recent years that they have accounted for most of the variation in global coarse grain sales.

The forecast of China's coarse grain production, 94 million tons, indicates a significant rebound from 1985/86. China's coarse grain consumption in 1986/87 is estimated to reach 89 million tons, about 10 million more than last season.

As China continues to expand its livestock sector and boost meat production, the demand for feed grains is likely to grow. As a result, China is not likely to continue to export coarse grain (almost entirely corn) at the current 6-million-ton annual rate. Exports in 1986/87 may fall about 1 million tons from 1985/86, when sales to the USSR and Japan rose significantly.

The USSR's 1986/87 coarse grain crop is projected to drop about 3 million tons from this year. In the last 2 years the Soviets have put increasing emphasis on "Intensive Technology," a campaign stressing crop rotation and better use of agrichemicals. They claim that the new technology added 16 million tons to the 1985 grain crop, and that the area cultivated with new methods has grown 50 percent in 1986 to cover one-fourth of total grain area.

As with China, Soviet meat production and consumption goals over the next several years are ambitious. Forecast Soviet coarse grain utilization for 1986/87 is substantially above current expectations, implying relatively high imports.

The projection for USSR coarse grain imports in 1986/87 is 16 million tons, 2 million above 1985/86. But, these purchases will still be more than 11 million tons below those of 1984/85 – an example of the dramatic fluctuation in Soviet purchasing. The decline in Soviet purchases accounts for three-fourths of the reduction in global coarse grain trade expected in 1985/86.

Soviet purchases of U.S. corn during the 1985/86 October-September grain agreement year totaled 6.8 million tons as of July 3 – a sharp decline from a year earlier but still 15 percent of total U.S. sales to that date.

U.S. exports of coarse grains to the rest of the world also continue slow. The 32.4-million-ton corn export forecast for 1985/86 is down over 30 percent from 1984/85. In the upcoming year, however, sharply reduced export prices should boost export volume, although corn sales – forecast at 39.4 million tons – are not expected to regain the level of the late 1970's and early 1980's. *[James Cole (202) 786-1691 and Larry Van Meir (202) 786-1840]*

Oilseeds

Throughout June, soybean prices continued stable, averaging $5.26 a bushel (Central Illinois No. 1 yellow), the same as May and comparable to April's $5.31 (table 21). This price stability, particularly in light of the recent South American harvest (which usually prompts a price decline), is primarily due to the soybean loan program.

The loan rate plus accrued interest make the average cost of redeeming soybeans about $5.20 a bushel. As of June 18, outstanding loans plus CCC inventory totaled 533 million bushels. USDA estimates that ending stocks will come to 515 million bushels, of which about 60 million could be commercial stocks. Therefore, loan and certificate redemptions will have to be near 9 to 10 million a week during the rest of the season to meet those estimates.

With the present arrangement, prices are not likely to decline appreciably, so crush, exports, and loan redemptions will reflect the quantity demanded at the redemption price. With South American production entering the market, the prospects for a good 1986 U.S. crop and the likelihood of a lower loan rate could combine to halt forward buying and limit demand to the minimum required to fulfill contracts or meet current needs. By season's end, a price fall would be accompanied by a drop in redemptions and a rise in CCC acquisitions.

Although the palm oil production expansion should slow next year, the near-term prospect is for U.S. imports in 1985/86 to exceed 630 million pounds, a 70-percent rise from the previous year. This fact, along with generally abundant vegetable oil supplies, will hold soybean oil prices near distress-sale levels. Prices are expected to average 16.5 cents a pound this year; recent monthly prices have been

Generic Certificates Lowering Crop Prices

When wheat and feed grain farmers signed up for the 1986-crop farm programs, they were eligible to receive 10 percent of their estimated deficiency payments in advance in the form of generic commodity certificates. The certificates can be exchanged for grain, soybeans, cotton, or dairy products under loan or in CCC inventory. Each certificate has a face value measured in dollars.

Farmers can also receive certificates as payment for participation in the paid land diversion programs, the Conservation Acreage Reserve, and the marketing loan program for cotton. Exporters receive certificates as part of the Export Enhancement Program, and certificates will be given to buyers of cotton to lower U.S. cotton prices to world levels. In total, USDA has issued about $1.3 billion worth of certificates, but more will be issued as implementation of the 1985 farm bill continues.

Certificates are essentially a form of exchange. They have value because they can be used to acquire commodities under loan or owned by the Government. At an average price of $2.00 a bushel, for instance, the $1.3 billion in certificates could be exchanged for about 640 million bushels of grain. That grain could then be sold or fed to livestock.

Or, certificate holders can sell the certificates to someone else. Some certificates have sold for 103 to 110 percent of their face value. The ability to sell grain stored on farm, but currently held as collateral for a CCC loan, is worth paying a premium for, because that action can free storage space needed for this fall's harvest. A farmer who does not have on-farm storage available this fall must either pay for storage when the crop is put under loan -- perhaps 25 cents a bushel or more -- or sell at harvest, when prices will probably be lower than the loan rate.

Livestock producers who need feed can use certificates to get it. The CCC is allowing certificate exchanges at posted county prices, which are representative of the prices farmers receive for grain when selling to an elevator. The posted county price is sometimes lower than what farmers would otherwise have to pay.

Some grain purchasers may be in a position to take advantage of differences in posted county prices by using their certificates to arbitrage across counties (buy grain in one county and sell it in another where the price is higher). Thus the certificates can be worth more than their face value.

Certificates Exchanged 1/

	Estimated face value $ million	Quantity Million bushels	Average value $/bushel
Wheat	134	54	2.46
Feed grain	283	135	2.29 2/
Soybeans	6	1	5.17
Rice	28	18	1.57
Total	451	218	

1/ Exchanges of outstanding loans as of June 25 totaled $263 million. Exchanges from CCC inventory as of July 9 totaled $188 million. 2/ Corn.

Grain prices are dropping, and many holders are waiting to exchange this fall, when grain prices are lowest. Then the certificates can be used to acquire the most bushels. Even though each bushel will be worth less as prices fall, the percentage gain in bushels acquired is greater than the loss in value per bushel.

Example of Generic Commodity Certificate Exchanges

Certificate face value	$1,000
Posted county price in July	$2.00/bu.
Bushels acquired in July	500
Posted county price in Sept.	$1.50/bu.
Bushels acquired in Sept.	667
Change in county prices	-25%
Change in bushels acquired	33%

As of early July, over one-third of the certificates had been exchanged. As prices continue to fall and the incentive increases to exchange certificates, more grain will be coming out of loan and CCC inventory.

Producers must exchange their certificates issued for advance deficiency and diversion payments by September 30. Otherwise, the certificates can be returned to the Government and exchanged for cash, but the amount received will be reduced by the Gramm-Rudman-Hollings cut of 4.3 percent. Transferred certificates may be exchanged as late as December 31. Certificates acquired under other programs have expiration dates determined by date of issue.

Certificate exchanges are already helping to push corn prices well below the $2.55-a-bushel loan rate for 1985/86. Exchange of the remaining two-thirds of the certificates, combined with the decline in loan rates, will help to make U.S. grain more competitive on world markets this fall. *[Terry Townsend (202) 786-3313]*

Soybean Loan Activity, 1985 Crop

Week of	Outstanding loans	CCC inventory	Redeemed	Average weekly redemption rate
	Million bushels			
March 19	451.7	140.8	52.7	(March) 5.5
April 16	425.4	144.5	83.7	(April) 6.7
May 21	400.0	147.0	112.4	(May) 6.0
June 18	380.7	148.0	132.9	(June) 5.0

lower, averaging 17.8 cents a pound in May and 16.8 in June (spot prices, f.o.b. Decatur).

The weak soybean oil market and loan rate are reducing the supply of meal, supporting meal prices at relatively high levels compared with grain. Soybean meal averaged $158 a ton in May and $159 in June (44-percent Decatur). Relatively high meal prices, along with reductions in hog, beef, and milk inventories, are bringing about a slowdown in meal use and soybean crush.

Soybean and soybean meal futures prices are lower than cash prices, which means commodities now in storage will likely sell for a lower price in the future than they would if sold now. Thus, the loan redemption price is supporting cash prices, while futures indicate fundamentally that prices should be lower, and the Government, because its price is higher, becomes the major holder of inventory.

World oilseed production in 1986/87 is forecast at a record 196.5 million metric tons (table 25). Larger sunflowerseed and peanut crops account for most of the 3-million-ton increase. Assuming low vegetable oil prices, crush will depend heavily on protein meal demand. Although the rise in palm oil output will slow, large gains in total vegetable oil output are expected. Disappearance will rise moderately but not by enough to affect the high levels of oilseeds and edible oil stocks.

Next year's overall growth in soybean meal production is expected to be roughly 3 percent, while use may increase only 2 percent. Protein meal use is forecast to gain in Eastern Europe, Asia, the Middle East, and North Africa. Despite lower petroleum revenues, the Middle East oil-exporting nations are not expected to curtail protein meal use. Eastern Europe's livestock sector has improved in the past year and pork output is increasing, keeping meal use up.

In contrast, soybean meal use is forecast to show only small gains in many regions, especially the EC, because of large supplies of feed wheat and nonfat dry milk, and declining tapioca imports. Tapioca is used as a complement to soybean meal in feed rations. Despite lower use, soybean meal imports could rise because the EC surplus of vegetable oils may curtail imports of soybeans and/or rapeseed.

Vegetable oil imports could increase slightly in 1986/87, partly in response to lower world prices. But, U.S. soybean oil exports will decline because of increased competition. India and Pakistan, the major oil importers, could slightly boost their vegetable oil imports. India's oilseed output should rise significantly in 1986/87, following a poor crop in 1985/86. Since palm is the predominant imported oil used in India's public distribution system, palm is likely to account for most of the import gains. In Pakistan, credit availability will play a part in allocating imports between palm and soybean oil. *[Roger Hoskin (202) 786-1840 and Jan Lipson (202) 786-1693]*

Cotton

World cotton production will fall in 1986/87, while consumption and trade will rise (table 25). However, at 46.9 million bales, ending stocks will be about unchanged from 1985/86's 47.3 million bales. In 1985/86, production exceeded consumption by nearly 5 million bales. Lower 1986/87 U.S. ending stocks will be largely offset by a 4-percent increase in foreign stocks. The world cotton glut will continue, keeping prices low.

World production is expected to fall about 4 percent to 75.3 million bales, mostly from the 2.7-million-bale U.S. drop. Foreign production is forecast to be the same as in 1985. China and the Soviet Union, which account for half of foreign output, are expected to increase production, and Egypt's production will likely remain unchanged. But crops in other major producers, including India, Pakistan, Australia, Mexico, and Turkey, are expected to fall by sizable margins.

Despite a projected 600,000-bale increase, China's production should approximately equal use and will not add significantly to already excessive stocks. The production gain reflects recovery of yields from 1985's reduced level.

Soviet production, estimated at 12.2 million bales, would be less than 1 percent over 1985. India and Pakistan are not expected to repeat 1985's high yields, although their output will remain large, 8.0 and 5.3 million bales, respectively. Reduced area in response to very low prices will lead to lower production in Australia, Mexico, and Turkey.

World consumption is forecast at 75.3 million bales in 1986/87, up from 73.4 million in 1985. Lower prices and a sharp fall in the price of cotton relative to synthetics are important factors. U.S. consumption is projected to rise substantially, about 8 percent above 1985. Foreign consumption will also be up, by about 1.5 million bales or 2 percent. Sizable increases in consumption are expected in Pakistan, India, Egypt, Brazil, and the Soviet Union.

Cotton Prices in 1986

Monthly 1/	World price: Northern Europe 2/	World price: Adjusted to U.S. 3/	Domestic price 4/: Old crop	Domestic price 4/: New crop
	Cents/pound			
January	51.8	--	59.6	50.4
February	54.5	--	61.3	47.2
March	52.4	--	64.3	42.6
April	48.5	--	64.3	38.5
May	45.8	--	67.1	36.7
June	41.0	--	67.8	33.4
July				
3	39.0	24.9	69.0	31.9
10	38.6	24.5	5/	31.3
17	37.6	23.5	5/	30.4

1/ Average of Thursday quotes; July prices are Friday-Thursday averages. 2/ The A Index -- M 1-3/32 inch cotton. 3/ Northern Europe price adjusted to SLM 1-1/16 inch cotton (U.S. base quality) at average U.S. location. Beginning July 3, quoted prices are official USDA determinations. 4/ July 1986 futures represent old-crop price; October 1986 futures, new-crop price. 5/ Contract expired. -- = not applicable.

World cotton exports are forecast to be up about 12 percent, reaching 21.6 million bales. U.S. exports will account for all of the increase; exports from the major competitors (China, Pakistan, the Soviet Union, and Australia) are projected either to remain the same as in 1985/86 or to fall.

World cotton prices are being heavily influenced by the 1986/87 U.S. farm program (table 19). In contrast to 1985/86, when U.S cotton was not available at the world price, the marketing loan/certificate program will make the expected 20-million-bale U.S. supply for 1986/87 available at world-market prices.

In response to this prospective increase in the marketable supply, the world price (Northern Europe) fell to 37 cents a pound by mid-July, 25 cents below a year earlier. The price dropped 15 cents a pound during February-July and has declined 11 cents since late April, when the world price formula was announced by USDA. New-crop futures prices in the United States have generally followed world price movements, falling to around 30 cents a pound in mid-July.

For the week ending July 17, the world price, adjusted to the U.S. base quality (SLM-1 1/16 inch) at the average producing location (near Lubbock, Texas), averaged around 24 cents a pound, about 40 cents less than the spot price for the 1985/86 crop. The adjusted world price for each quality of cotton will approximate the spot price once the 1986/87 season begins. Old-crop prices continue to reflect the cost of redeeming cotton loans. The spread between old-crop and new-crop prices widened dramatically as operational details of the 1986 program became known. *[Carolyn L. Whitton (202) 786-1691 and Sam Evans (202) 786-1840]*

Tobacco

Unmanufactured tobacco exports from the United States during July 1985-May 1986 were 5 percent below a year earlier. Export volume for the entire marketing year may be down because of reduced flue-cured shipments. Flue-cured exports during the first 11 months of 1985/86 were down 11 percent. For the marketing year, about 440 million pounds, farm-sales weight, likely will be exported, 8 percent less than the year before. Burley exports may increase from 1984/85's 154 million pounds.

During July 1985-April 1986, U.S. unmanufactured tobacco imports and the manufactured and unmanufactured categories (duty paid) rose 5-1/2 percent from a year earlier. U.S. manufacturers' stocks of imported cigarette tobacco on April 1 were lower than a year earlier because of reduced holdings of burley and flue-cured. Oriental stocks were 5 percent higher. Stocks of cigar leaf were a little higher.

Disappearance of flue-cured tobacco in 1985/86 likely dropped about 5 percent from last season's 935 million pounds because of reduced U.S. cigarette output and smaller exports (table 24). Still, disappearance in 1985/86 likely exceeded marketings, so July 1, 1986, supplies may have dropped.

This season's burley use may remain near last year's 556 million pounds. Exports are expected to rise, but domestic use may decline. Since use is above marketings, stocks on October 1, 1986, will likely decline a little from last year's 1.46 billion pounds. Growers are expected to market less burley in 1986/87, and use will likely exceed marketings, so the large burley stocks will again be pulled down.

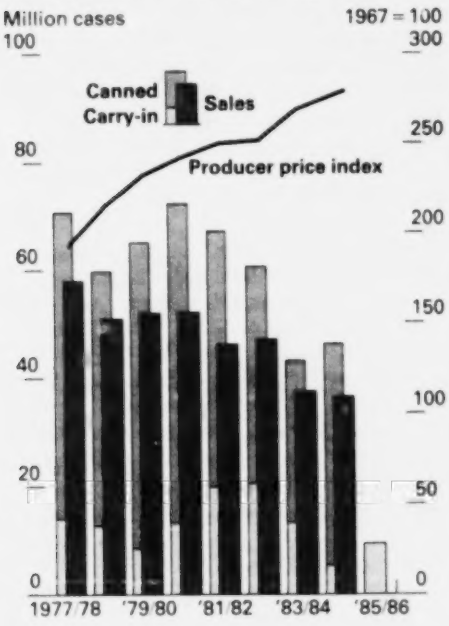
Auctions for type 32 tobacco sold in Maryland ran from March 18 to May 1. Prices averaged $1.32 a pound, 8 cents less than a year earlier. Prices for all Maryland tobacco produced in the United States dropped 3 cents, averaging $1.29 a pound. Disappearance may fall below last season.

The use of fire-cured tobacco may rise in 1985/86 because of larger exports. The hike in use could reduce the large supply a little. Dark air-cured supplies are a bit higher in 1985/86, but lower production will likely reduce them next season. Use of cigar leaf has declined, but the smaller crop projected for 1986 will push down next season's stocks. *[Verner N. Grise (202) 786-1840]*

Fruit

Production of most early noncitrus fruit (excluding apples and pears other than Bartletts) will be lower in 1986 than in recent years, primarily because of smaller California crops (table 22). Heavy rains and high wind in California during the critical pollination period reduced fruit set. Estimates also indicate a decline from 1985 in California's bearing acreage of most early-harvested noncitrus tree fruit. If June forecasts are realized, this summer's production of early tree

U.S. Noncitrus Canning and Sales Falling, Producer Prices Rising



fruit (excluding dried prunes) will be down 3 percent from 1985 and 14 percent from 1984.

Because of a warmer spring and earlier harvest, shipments of peaches, plums, and nectarines are running well above last season. Consequently, prices for peaches and nectarines are moderately to sharply below a year ago. In late June, the f.o.b. peach price in the central and south San Joaquin Valley was quoted at $6.60 per two-layer lug tray pack, sizes 56-64, compared with $7.00 a year earlier. In the same area, nectarines were quoted as of June 20 at $5.50 per two-layer tray pack, compared with $10 a year earlier. By contrast, smaller crops of apricots and plums have resulted in significantly higher prices than a year ago.

The reduced production will result in a smaller canned fruit pack this season. However, supplies of several canned fruit items will remain relatively large during 1986/87, because carryout stocks increased during 1985/86.

Movement of most canned fruit has been slack and imports continue to rise. Consequently, since the beginning of 1986, wholesale prices of canned fruit have remained below a year earlier. The Bureau of Labor Statistics' June producer price index for canned fruit, at 277.1 (1967=100), was 2 percent below a year earlier,

U.S. Production of Selected Noncitrus Fruit

Fruit	1984	1985	1986
	1,000 tons		
Apricots	127	132	84
Sweet cherries	182	133	133
Tart cherries	136	144	93
Nectarines	183	211	195
Peaches	1,330	1,075	1,174
Freestone	809	582	709
Cal. Clingstone	521	493	465
Bartlett pears	447	468	458
Cal. plums	225	167	130
Total	2,630	2,329	2,266

U.S. Exports and Imports of Canned Fruit[1]

Year	Exports	Imports
	Million pounds	
1980	284.5	28.2
1981	255.4	20.0
1982	195.5	26.9
1983	147.8	27.6
1984	90.9	138.4
1985	76.3	194.0

1/ Includes apricots, berries, cherries, fruit cocktail, peaches, pears, plums, and prunes.

with reduced prices reported for both peaches and pears. The slow movement and lower prices have led the California Canning Peach Association to settle for a smaller Clingstone contract price with processors — $167 per ton, compared with $188.50 in 1985.

Although the United States is the world's leading canner of peaches, pears, and fruit cocktail, canned fruit imports continue to increase, taking a growing share of shrinking U.S. consumption. The imports, which come principally from Spain, Greece, Chile, Italy, and South Africa, were negligible until the last few years. Imports have increased from 114 million pounds in 1980 to 194 million in 1985. Canned peaches and pears, mostly from Spain, made up 5 percent of the total U.S. supply of canned fruit in 1985.

Several factors have contributed to the import growth, including larger world fruit production, greater exports from Third World countries in urgent need of hard currency, and subsidized production, processing, and exporting in several countries.

In contrast, U.S. canned fruit exports have declined considerably. The EC and Canada were traditionally major U.S. markets. However, EC subsidies have cut U.S. exports to West Germany and other EC importers. Spain's accession to the EC on January 1 has cut exports further. In 1984/85, exports of canned fruits to the EC accounted for only 1 to 2 percent of total U.S. major canned fruit exports. The U.S. market share has also fallen in Canada, and in the Pacific Rim countries as well.

Other factors are increased noncitrus production in Western Europe and Latin America, the strong U.S. dollar in recent years, and tariff and nontariff barriers. Consequently, total exports of major canned fruits have declined from 285 million pounds in 1980 to 76 million in 1985.

To increase exports, USDA recently announced that it will use generic certificates (see box item on these certificates in this issue) to pay for the Targeted Export Promotion Program to promote canned peaches and fruit cocktail in Japan and Taiwan.

Domestic demand for canned fruit has also been weak. Per capita consumption has slipped from 12.3 pounds in 1976 to 8.5 last year. Consumption has fallen for several reasons:

- Consumers are now more health- and nutrition-conscious, demanding less sugar in any kind of food; canned fruit was traditionally only packed in heavy syrup. Although new packs have light syrup and

fruit juice, the perception of high sugar remains.

- Increased consumer expenditures on food away from home have reduced the opportunity to consume canned fruit.
- Prices for canned fruit are generally higher than for fresh.
- Lack of promotion has probably also hurt consumption.
- Increased availability of fresh fruit year-round has reduced demand for canned fruit.

[Ben Huang (202) 786-1766]

Vegetables

Supplies of summer fresh vegetables are adequate to meet demand; shipments rose 40 percent from April to May (table 23). The increase is mainly attributable to the seasonal harvesting peak and higher imports of fresh melons (table 29), rather than larger vegetable acreage.

Seasonal supplies rose for fresh melons, snap beans, carrots, sweet corn, cucumbers, lettuce, onions, peppers, and tomatoes. Lettuce posted the largest gain. The primary summer producing States are California, New York, and Michigan, which supply over half the fresh vegetables consumed in the United States.

Because of the increase in summer fresh vegetables, the index of prices received by growers dropped 25 percent in June to 108 (1977=100) (table 4). The 1986 season-average index of fresh vegetable grower prices is likely to be 8-12 percent lower than last year's 122 (1977=100) because of lower first-half prices.

Normal winter weather in Florida kept imports of fresh vegetables through first-quarter 1986 level by 29 percent from the 1.4 billion pounds imported during the same period last year. April marked the first month in 1986 when imports were higher than the comparable month last year. Imports of fresh vegetables are likely to remain level or be slightly below the 1985 total of 2.69 billion pounds.

The export picture for fresh vegetables is bright, with first-quarter shipments rising 6 percent from a year earlier to 310 million pounds. Exports held that edge through April. If the fast pace continues, 1986 U.S. fresh vegetable exports could reach 1.3 billion pounds, 8 percent more than last year and near the early 1980's.

Also, if fresh vegetable exports remain at this healthy level and imports continue to wane, U.S. net imports of fresh vegetables will drop below 1 billion pounds for the first time since 1984.

Winter and spring 1986 potato crops ran 17 percent below last year's 26,900 cwt, and summer potatoes are expected to be off 21 percent. Thus, 1985/86 production will likely be lower than the 1984/85 record of 403.8 million cwt. Fall production accounts for about 85 percent of total potato output.

Hot dry weather in the Southeast limited Texas' and Virginia's summer potato yields, with Virginia's output down by half. However, a 22-percent cut in total U.S. harvested area for 1986 was the primary factor in reducing the summer output to 22 million cwt.

Intentions to reduce fall potato harvested acreage 11 percent, coupled with normal yields, will likely reduce 1985/86 output 8-12 percent from last year's record. Growers will probably continue receiving higher prices for their new potatoes through August. Even though grower prices for all potatoes have increased 10 percent per month for the first 6 months of 1986, to $4.89 per cwt for June, grower returns are likely to be less than 1985's $1.6 billion, because expected smaller fall production will be coupled with the lower prices so far this season.
[Shannon Hamm (202) 786-1767]

Sugar

Staley Continental, Inc., has announced that it will begin producing a crystalline fructose sweetener in the spring of 1987. Currently, all but a small percentage of high fructose sweeteners are in syrup form. Although "Crystar" will be displacing sugar, it will be blended with sugar for most applications because of a sweetness-enhancing reaction between the two products.

The targeted markets are dry mixes, cereal products, and confections. The cereal and bakery and confectionery industries currently make up over 60 percent of the 4.2-million-ton industrial market for sugar, but Staley estimates Crystar's potential at only "several million pounds." The company's initial production capacity will be approximately 100 million pounds, which could mean a displacement of between 65,000 and 85,000 tons of sugar.

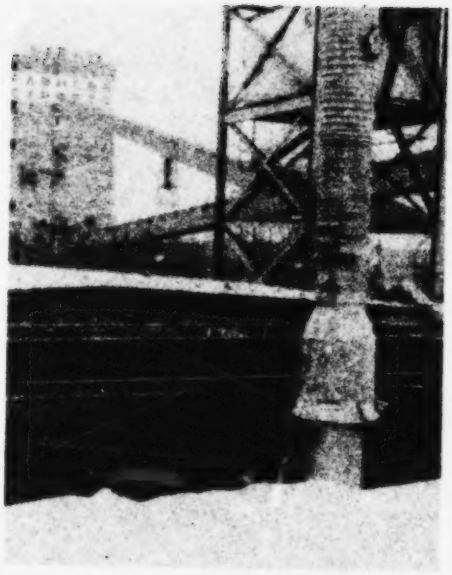
The sweetener will be produced at Staley's Lafayette, Indiana, plant, and is said to be up to 80 percent sweeter than sugar, depending on the application. Staley indicated that the product will be priced between 35 and 60 cents a pound wholesale, compared with around 23 cents for refined sugar in the Midwest.

As of July 11, 1986/87 U.S. sugarbeet area was estimated at 1.238 million acres. This is up 4 percent from February's estimate and 10 percent from last year, mainly because this estimate includes 37,500 acres in Colorado. Planted acreage was higher in every State except California and Texas, but the largest acreage increases were in Ohio, Minnesota, North Dakota, and Michigan.

Assuming average yields and sucrose recovery, beet sugar production is expected to reach between 3.2 and 3.3 million short tons, raw value, up 8 percent from a year earlier.

Sugarcane area for the United States is estimated at 801,000 acres, an increase of 31,000 acres or 4 percent from a year earlier. All States except Texas indicated they would harvest more area. The largest increase was in Louisiana, usually the lowest yielding State – 10 percent. The increases in Florida and Hawaii were both under 2 percent.

Given normal cane yields and sucrose recovery, cane sugar production in the United States should be near 3.1 million short tons, raw value, up over 2 percent from the previous year. In total, domestic sugar production is estimated to be between 6.3 and 6.4 million tons, raw value, 5 percent higher than a year earlier. *[David Harvey (202) 786-1769]*



World Agriculture and Trade

WORLD MEAT OUTLOOK

In world meat output over the past 10 years, poultry and pork have shown the greatest gains. Beef, lamb, and mutton have increased only slightly. Total meat output has not only been able to keep pace with population growth in the major producing countries, but per capita consumption over the past decade has slowly increased (table 25). However, world per capita consumption of beef and veal and lamb/mutton has declined.

World Meat Supplies Growing

World meat production and trade are forecast to continue rising in 1986, but at a slower pace than last year. While pork and poultry output is increasing, beef is declining. Burdensome beef stocks are, however, assuring ample supplies.

Foreign beef output is projected to fall in 1986 after rising slightly last year. The biggest decline is in the EC, where production is returning to normal after surging because of the dairy surplus control program. Thus, production in the major exporters will drop after a nearly 2-percent gain during each of the last 2 years.

Output slowed in the major importers in 1985 and is expected to fall 3 percent this year. World beef and veal exports should remain high as the EC continues to work off its surplus.

Foreign pork production keeps climbing, with most of the gain coming from major exporters; little growth is expected in the major importers. World pork trade should continue to increase. There was virtually no change in U.S. production last year, but a 4-percent drop is expected in 1986.

Poultry Exports Slipping

Foreign poultry production rose almost 4 percent last year, but may gain only 2 percent in 1986. Substantial output gains in the major importers have reduced export demand. Some output gains in the major exporters last year were consumed domestically and their exports fell. World exports are expected to slip again in 1986, as production in the major importers continues to expand.

Like production, world meat export volume has been increasing over the past 10 years. However, the export share of production has been constant at about 9 percent. Beef accounts for by far the greatest volume — 44 percent in 1985. However, both beef and lamb/mutton, although continuing to increase in volume, have been declining in export share.

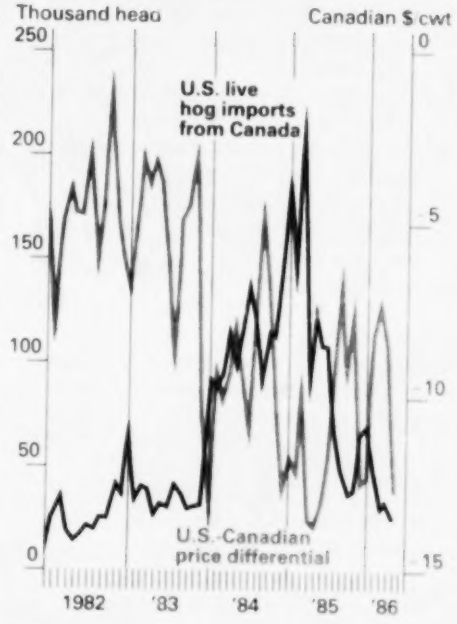
Although poultry exports have doubled over the past 10 years, they accounted for only 14 percent of world exports in 1985. Pork, with a third of total exports last year, has also shown strong growth.

U.S. Imports' Share Down, Exports' Share Constant

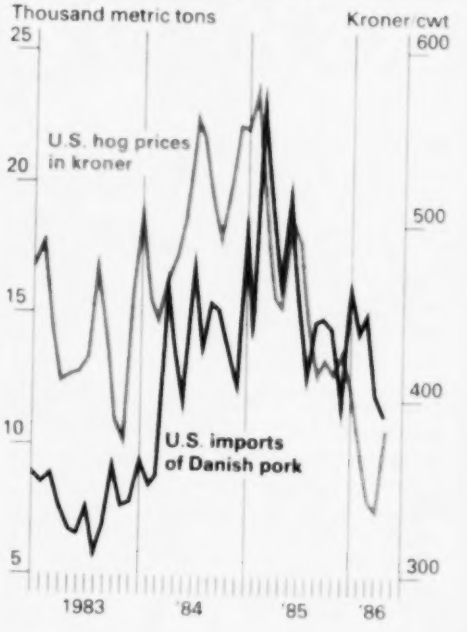
In 1983-85, the United States took 12 percent of world meat traded. This figure is down slightly from 10 years ago, but only because foreign countries' imports increased faster than those of the United States. About two-thirds of U.S. meat imports in 1983-85 were beef and veal, down from 80 percent in 1975-77. Pork imports have strongly increased and their share of the U.S. meat import market rose from 19 to 32 percent.

U.S. meat exports have also been increasing, but their 4-percent share of world exports has changed little over the past 10 years. Beef exports have been steadily gaining, but pork exports have gone down. Poultry exports grew in the late 1970's to early 1980's but then fell.

When U.S.-Canada Price Differential Widens, U.S. Imports Rise

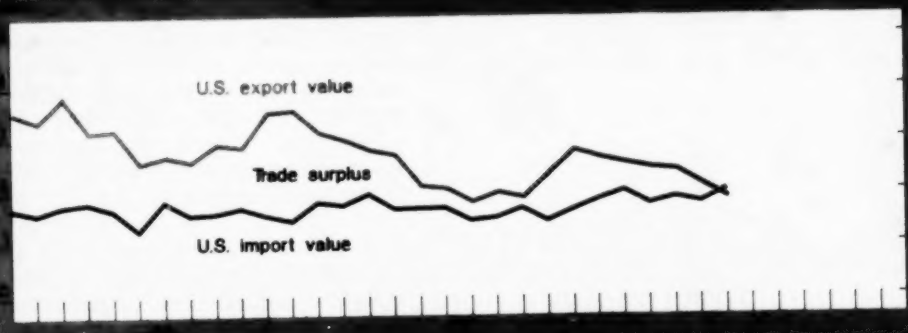


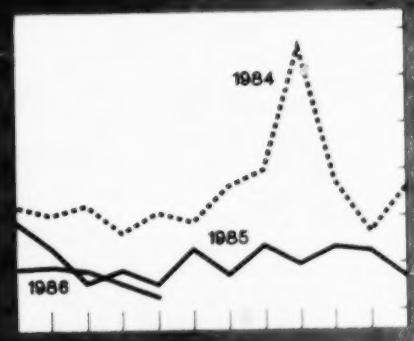
U.S. Imports of Danish Pork Fall When U.S. Prices in Kroner Go Down



U.S. imports as a percentage of consumption have remained relatively constant over the past 10 years. This is mainly because of offsetting changes among the various meat types, such as a shrinking share for lamb imports but an expanded share for pork.

The export percentage of U.S. domestic production gained somewhat in the early 1980's because of large poultry meat exports, but it has returned to


U.S. export value
Trade surplus
U.S. import value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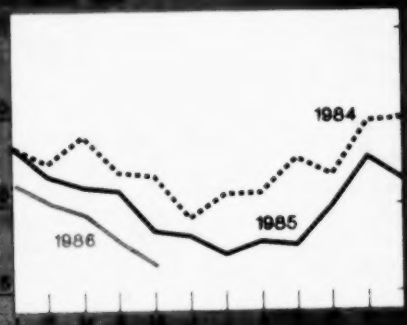
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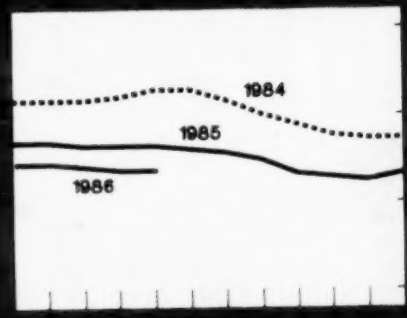
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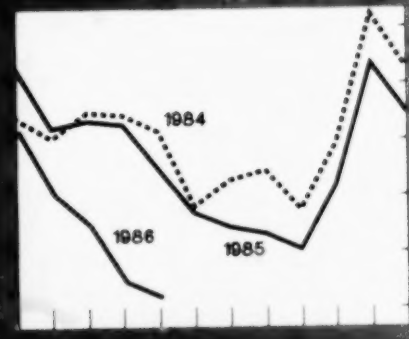
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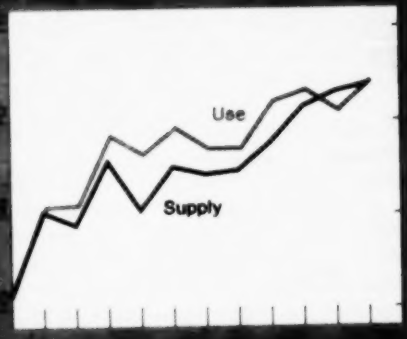
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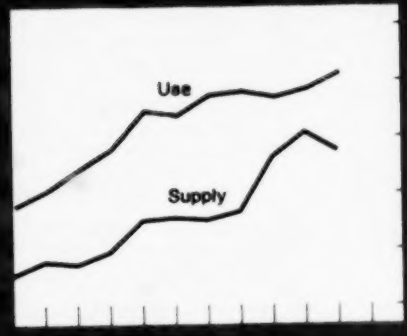
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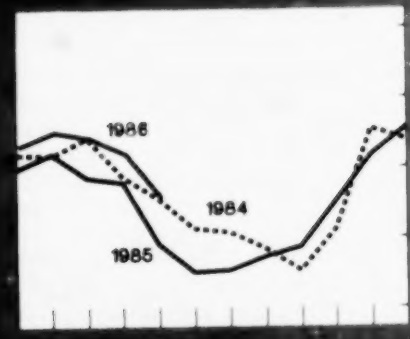
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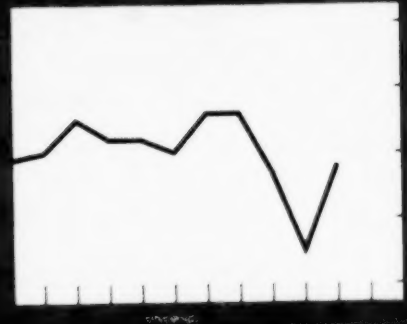

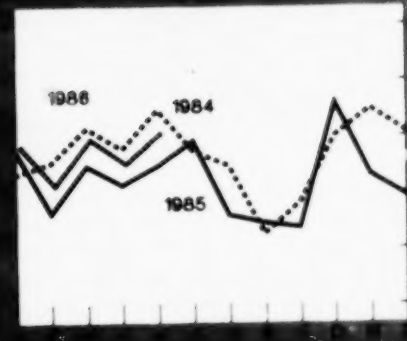
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Countries From Which U.S. Imports Meat

Country	1984 Total exports	1984 To U.S.1/	1985 Total exports	1985 To U.S.1/
	Thousand metric tons			
BEEF AND VEAL				
Australia	616	330	692	361
New Zealand	287	196	363	234
Canada	105	96	113	109
Brazil	480	69	530	63
Argentina	250	65	260	81
Cent. America 2/	61	63	57	82
Other	2,721	19	2,758	18
Other excluding intra-EC	1,534		1,577	
Total	4,520	838	4,773	948
Total excluding intra-EC	3,333		3,592	
PORK				
Canada	175	162	205	201
Denmark	776	155	820	194
Netherlands	730	17	790	15
EC-10	2,147	176	2,197	215
EC excluding intra-EC	375		368	
Poland	58	39	85	49
Hungary	220	19	190	25
Other	898	37	911	22
Total	3,498	433	3,588	512
Total excluding intra-EC	1,726		1,759	

1/ U.S. imports as reported by the Census Bureau. 2/ Total exports include only 6 of the 11 countries included in U.S. importers.

Value of U.S. Agricultural Trade, Fiscal 1985

	Exports	Imports
	$ billion	
Total ag trade	31.2	19.7
Total animals & prod.	4.1	4.2
Meat & prod.	.9	2.2
Beef & veal	.5	1.3
Pork	.1	.8
Lamb & mutton	—	.02
Total poultry	.3	—
Live animals	.3	.6
Hides, skins, & furskins	1.3	.2
Tallow	.5	—
Dairy	.4	.8

the level of a decade ago. Poultry meat exports as a percentage of output have retreated as production has gained and exports faded.

Although the quantity of U.S. meat trade is small compared with domestic output, meat is a relatively high-valued commodity and accounts for a significant portion of U.S. agricultural trade value. This is even more evident when related animal products such as hides, skins, and tallow are included.

Last year is only the second time in the last 6 years that imports of animals and animal products exceeded exports (the other was in 1983). Although the value totals for animal product exports and imports are similar, the composition is quite different. While meat and products make up over half the total value of animal product imports, they account for only a fifth of the exports.

U.S. Leading Meat Importer

The United States is the world's leading importer of meat, first in both beef and pork. It is also a leading exporter, but only ranks eighth in the volume of exports of beef and pork and third in total poultry.

Differences in types of meat and markets account for the seeming incongruity. For example, the United States exports grain-fed beef that has twice the unit value of the manufacturing beef imported ($4,280 per ton versus $1,922 in fiscal 1985).

Exchange Rate Benefits Oceania's Exports to U.S.

Although the dollar price of U.S. beef imports into the United States has decreased over the past 3 years, the rise in the dollar against the Australian and New Zealand currencies has meant that the prices received by the Oceanic countries have grown. Beef imports from Australia and New Zealand, about 63 percent of the U.S. total beef imports, increased by 14 percent last year.

Canada accounted for 11 percent of U.S. beef imports last year, Brazil and Argentina 16 percent, and Central America 9 percent. Brazil and Argentina cannot ship fresh or frozen meat to the United States because foot and mouth disease occurs in the two countries. Output of beef was up in the major exporters to the United States in 1985, but it may recede slightly this year if Canada's output falls as expected.

Countries to Which U.S. Exports Meat

Country	1984 Total imports	1984 From U.S. 1/	1985 Total imports	1985 From U.S. 1/
	Thousand metric tons			
BEEF AND VEAL				
Japan	208	111	216	118
Canada	115	14	110	11
Caribbean	N.A.	10	N.A.	7
Other	3,530	17	3,686	14
Other excluding intra-EC	2,283		2,376	
Total	3,853	152	4,012	150
Total excluding intra-EC	2,606		2,702	
PORK				
Japan	279	27	272	14
Mexico	N.A.	15	N.A.	15
Canada	15	8	20	5
Caribbean	N.A.	7	N.A.	7
EC-10	1,920	10	1,995	12
EC excluding intra-EC	124		90	
Other	743	7	785	5
Total	2,957	74	3,072	58
Total exluding intra-EC	1,161		1,167	
BROILERS				
Japan	104	51	100	45
Hong Kong	69	31	95	40
Singapore	N.A.	23	N.A.	22
Canada	36	13	24	10
Caribbean	N.A.	39	N.A.	39
Mexico	9	8	16	12
Other	592	20	598	21
Other excluding intra-EC	345		339	
Total	810	185	853	189
Total excluding intra-EC	563		574	

N.A. = not available. World imports do not equal world exports because of incomplete coverage of foreign imports and exports.
1/ U.S. exports as reported by Census Bureau.

Relative Importance of Meat Trade, 1985

Meat	Imports' share of consumption	Exports' share of production
	Percent	
Beef and veal	8.0	1.4
Pork	7.1	0.9
Lamb/mutton and goat	9.1	0.6
Poultry	--	2.7
Total meat	5.5	1.6

U.S. beef exports go mostly to Japan — 79 percent in 1985. Exports to Japan were up last year by 6 percent. Because of Japan's agreement to liberalize beef imports, U.S. exports should continue to increase.

However, total U.S. beef exports last year were almost the same as in 1984 because of reduced shipments to Canada and the Caribbean. The exchange rate made U.S. meat more expensive, and exports to Canada fell 19 percent. In the Caribbean, a possible shift in tourist spending to cheaper meats, such as chicken or local seafood, may account for the drop.

U.S. Pork Imports Grow While Exports Decline

Ten years ago almost all pork imports into the United States were canned, but last year only half were. Imports of fresh and frozen pork rose from 12,000 tons product weight in 1977 to 255,000 in 1985.

While most of the fresh and frozen pork increase has come from Canada, Denmark has also become an important U.S. supplier. The two countries shipped the United States 183,000 and 63,000 metric tons, respectively, in 1985. U.S. imports of prepared pork rose from 123,000 metric tons product weight in 1977 to 169,000 in 1985. Most of this increase was due to larger shipments from Denmark, which totaled 85,000 tons in 1985.

U.S. pork imports have risen substantially during the past 2 years. Changes in the exchange rate seem to be an important reason for increased imports of Canadian and Danish pork. For the past several years, the U.S. barrow and gilt price has weakened. Because of exchange rate movements, though, a different picture emerged for foreign pork producers; when converted to the Danish kroner, the price surged in 1984, about the same time as U.S. imports of Danish pork increased. In early 1985, in addition to the weakening dollar, the EC cut export subsidies on pork exported to the United States. These factors probably are the main reason Danish pork imports slipped from their early pace as 1985 progressed.

U.S. imports of Canadian pork and hogs rose rapidly last year, but with the countervailing duties now in effect, hog imports have begun to decline. At the time hog imports rose, the Canadian dollar was weakening rapidly against the U.S. dollar. Moreover, in 1984 the difference between the

exchange-rate-weighted Canadian and U.S. hog prices widened, strikes and plant closings plagued the Canadian industry, and it became more profitable for Canadians to market their hogs in the United States.

U.S. pork exports retreated in 1985 by 22 percent. The biggest declines were in sales to Japan and Canada. Japanese production was up 8 percent, and a pork oversupply in Taiwan and continued production gains in Denmark increased competition in the Japanese market.

Moreover, because U.S. exports make up such a small part of production, U.S. meatpackers have been reluctant to tailor pork cuts to foreign markets, as do countries heavily dependent on exports.

U.S. Lamb Imports on Rise

U.S. imports of lamb rose substantially in 1985, to 16,000 tons. This contrasted with only 9,000 tons in 1984, but was close to the 1977-81 average of 15,000. The majority of lamb comes from New Zealand (72 percent last year, mainly frozen) and Australia (26 percent, mainly fresh). In July 1985 a preliminary countervailing duty of 25 NZ cents per pound (12 cents U.S.) was set on New Zealand lamb. Last September 3, a final duty of 36 NZ cents (20 U.S.) was imposed.

New Zealand had been limiting lamb exports to the United States because of a gentlemen's agreement that the United States would not place a countervailing duty. Since the duty has been applied, imports have increased. U.S. lamb production declined in 1985 and the price of choice slaughter lambs at San Angelo rose. Weighting this price by the exchange rate shows that imports from Oceania were encouraged even further.

U.S. Broiler Exports Higher

U.S. broiler exports increased 2.5 percent in 1985. Although sales to Japan declined slightly, exports to Hong Kong rose almost 30 percent. Japan's broiler output gained 5 percent last year, reducing import demand. Also, Thailand has become an important supplier of boneless chicken breasts to Japan. Lower labor costs in the further processed products industry give Thailand an advantage in the Japanese market. *[Linda M. Bailey (202) 786-1691]*

WHEAT CONSUMPTION: WHERE WILL GROWTH OCCUR?

World per capita food consumption of wheat and rice has shown significant gains over the past two decades, but the rate of increase has slowed in the 1980's.[1] Consumption patterns for these food grains vary widely among countries and within populations, depending on income, relative prices, climate, and the urban/rural population mix.

Consumption Gains Slow

World per capita consumption of wheat and rice grew at a compound annual rate of 0.84 percent during the past two decades, with rice showing 0.23-percent faster growth than wheat. While rice has maintained its early pace, boosted by huge gains in China, the rate of growth in wheat consumption has slowed recently.

World per capita wheat consumption grew 0.81 percent per year between 1965 and 1980, led by an annual gain of almost 2 percent in the developing countries. In the 1980's, with gains in those countries reduced to only a fourth of the earlier level, world growth for wheat slowed to 0.54 percent.

Growth rates of less than 1 percent per year may seem insignificant until they are translated into total volume. With world population growing 1.9 percent per year, total consumption of wheat would have had to increase 107 million tons and of rice 79 million just to maintain 1985 per capita consumption at the 1965 level. Actual consumption growth between 1964-1966 and 1985 was 165 million tons of wheat and 135 million of rice. Income growth, migration from rural to urban areas, and promotion programs by exporting countries have expanded wheat and rice consumption in several developing countries.

Impressive increases in wheat and rice production in developing countries have greatly expanded supplies and helped keep prices relatively low. A major factor behind the increases has been the development of new wheat and rice varieties and the availability of new seeds and technologies to farmers.

[1]Per capita food consumption is actually a residual of other categories and includes all nonfeed uses, including waste. Actual food consumption is not known.

Income Growth First Raises, Then Lowers Wheat Consumption

Real income is an important factor influencing consumer demand for food grains. In many developing nations, income gains permit low-income consumers to substitute wheat and rice for other starchy staples, such as root crops (cassava, yams), other grains (corn, millet, and sorghum), and other starches (plantains). But, as incomes rise further, direct consumption of grain declines because consumers shift part of their diets to higher priced nongrain foods, such as meat, dairy products, fruits, and vegetables.

Thus, consumption of wheat and rice in the developing countries and China has expanded over the past two decades, especially during the 1970's, when world income increased rapidly. In the industrialized countries, however, direct per capita consumption of wheat and rice has fallen during the same period, declining most rapidly during years of high income growth.

Wheat Feeding Continues To Increase

World use of wheat for feed has grown by a steady 5 percent per year in the past 20 years. The proportion of the world's wheat being fed to animals has increased from about 12 percent in 1963-65 to 19 percent in 1983-85, with the largest gains in the United States, Europe, and the USSR.

Wheat feeding depends largely on the relative prices of wheat and other feeds, localized surpluses of low-quality wheat, and advances in new varieties. Many new varieties, introduced since the 1960's, have boosted wheat yields at the expense of quality, adding to the world's surplus of low-protein wheat.

Also, the worldwide use of linear programming models to minimize feed costs encourages feed purchasers to shift more readily into low-cost alternatives. Should these trends continue, wheat will likely compete with coarse grains in many markets currently unaccustomed to the use of wheat in feed rations.

Based on Staple & Calorie Intake, Countries Form Five Groups

Each nation can be placed in one of five categories according to its predominant staple and per capita caloric

Five Country Groups' Income, Wheat and Meat Consumption and Production

Country	Income 1979-81 1/	Consumption: Wheat 1978-80	Consumption: Meat prod.	Wheat consump. growth 1966-80 2/
	Dollars	Kilograms		Percent
GROUP 1 (staple, meat & products; diet adequate)				
	6,829	118.8	100.2	-0.1
GROUP 2 (staple, wheat or rice; diet adequate)				
	3,239	129.1	34.5	1.2
GROUP 3 (staple, wheat or rice; diet inadequate)				
	761	48.2	7.1	3.1
GROUP 4 (staple, corn; diet adequate)				
	2,459	54.0	29.7	0.6
GROUP 5 (staple, other; diet inadequate)				
	893	19.2	15.8	4.8

1/ In calculating per capita income (GDP/population), an effort was made to standardize income for comparison across countries, beyond the exchange rate conversion. 2/ Average compound rate.

Group 1: Developed, industrialized nations. Group 2: North Africa, Middle East, Mediterranean Europe, East Asia. Group 3: Southeast Asia, South Asia, South America. Group 4: Costa Rica, Mexico, Paraguay, South Africa. Group 5: Low-income Africa, Central and South America.

intake. For this analysis, the predominant staple is defined as that food which provides more calories to the nation's diet than any other. A country's diet is adequate for most of its population when average per capita consumption rises above 2,500 calories. Although 2,500 calories per day is generally adequate for an individual, a national average less than 2,500 calories per capita indicates that a large portion of the population is likely to be inadequately fed, because of uneven distribution.

Group 1 contains countries with high per capita incomes where consumers can afford large quantities of meat: the United States, Canada, Australia, New Zealand, Argentina, and many nations in Western Europe. Most of these countries have had declining per capita wheat consumption since 1965.

As incomes rise further in these Group 1 countries, direct per capita consumption of wheat will probably continue to slip. No growth is expected in imports among Group 1; on the contrary, this group includes the major wheat-exporting nations. They are likely to have large exportable surpluses, as domestic production gains outpace domestic consumption growth.

Group 2, a very large number of countries, has adequate diets with the staple either wheat or rice. Group 2 can be subdivided into two units. The first, 2a, consists of nations whose per capita wheat consumption is falling. These nations are shifting from wheat to meat products and are likely to continue to diversify away from wheat in coming years, becoming part of Group 1.

The second unit, 2b, shows growing per capita wheat consumption. Many of these nations, particularly those in North Africa and the Middle East, already consume over 150 kilograms of wheat per person each year. Nevertheless, they continue to show strong growth in wheat demand. This unit is likely to be a major source of growth in world wheat demand in the coming decade.

Group 3, made up of wheat- and rice-consuming nations with inadequate diets, will likely be another growth area for wheat demand in the coming decade. Group 3 consists of nations in Southeast Asia, South Asia, and South America, in addition to some rice-consuming nations in Africa.

Per capita growth in wheat consumption is very high for the Group 3 nations, indicating a shift from inferior staples to wheat. In addition, among the rice-consuming nations, shifting from rice to wheat reflects dietary diversification and ease of preparation for the urban population.

Low income is a severe constraint on wheat consumption in Group 3; the average per capita income in the group is far less than that of Group 2. However, India and Bangladesh, with the lowest per capita incomes within Group 3, draw down the weighted group average because of their large populations. Although South Asian per capita wheat production has outpaced wheat consumption since 1965, countries in other developing regions have not grown nearly enough wheat to meet domestic demands and are likely to increase their dependence on imported wheat in coming years.

Four corn-consuming nations — Costa Rica, Mexico, Paraguay, and South Africa — comprise Group 4. As the staple food, corn is preferred to wheat by many consumers, so that per capita growth in wheat consumption is not particularly high. If incomes rise in these nations, consumers will likely purchase more meat; if incomes fall, corn will likely be the grain of choice. Therefore, only modest increases in wheat demand are expected in these nations.

Group 5 consists of most nations in Africa and some in Central and South America where diets are inadequate and the primary staple is neither meat nor wheat nor rice, but other starches such as corn, cassava, millet, or sorghum. These nations have the lowest per capita wheat consumption and also the lowest per capita incomes.

Nevertheless, wheat consumption in Group 5 countries has grown faster than in any other group since 1965. However, they have a long way to go

before physiological food needs are met. In addition, because wheat production is generally not suited to the tropical climates of these nations, per capita wheat production is growing much slower than wheat consumption. This indicates a large potential expansion in wheat imports if the latent economic demand can be realized. The critical question for Group 5 is whether these nations will be capable of purchasing wheat commercially or whether their consumption will be limited to food aid and concessional sales.

Growth Markets: Middle East, North Africa, China

Within Group 2b, North Africa and the Middle East are expected to become more dependent on imported wheat as the gap between domestic demand and domestic production widens. The average annual population growth in the region is also likely to be among the highest in the world, perhaps near 3 percent. Moreover, income growth may be tempered by lower oil prices, limiting many consumers' ability to substitute meat for wheat.

Wheat Consumption in Group 2 Countries

Country	Per capita Income 1/ 1979-81	Per capita Consumption/yr. Wheat 1978-80	Per capita Consumption/yr. Meat prod. av.	Per cap. growth/yr. Wheat consumption 1966-80
		Kilograms		Percent
WHEAT CONSUMPTION GROWING (2b)				
Ivory Coast	1,374	24.9	17.9	12.7
Libya	--	180.1	52.4	3.4
Korea, Rep.	2,010	39.2	14.5	3.2
Mauritius	1,484	82.5	14.2	2.9
Saudi Arabia	--	92.7	46.1	2.6
Algeria	2,000	197.6	11.0	2.6
Egypt	1,162	171.2	15.3	2.4
Iraq	2,478	164.4	24.4	1.9
Morocco	1,202	158.2	15.0	1.9
Iran	1,917	200.8	22.9	1.5
Portugal	3,019	110.2	50.6	1.2
Malaysia	2,113	32.6	18.7	1.2
Tunisia	1,817	209.2	16.7	1.2
Japan	5,963	50.8	30.1	1.0
Turkey	2,054	247.3	18.9	1.0
Yugoslavia	3,304	253.2	53.7	0.9
Hong Kong	3,875	40.0	73.5	0.9
Columbia	1,932	20.1	34.9	0.7
Syria	2,206	202.6	22.9	0.4
Italy	4,624	178.2	73.0	0.4
Chile	2,429	139.1	32.7	0.1
Subgroup ave.	3,213	130.6	30.7	2.1
WHEAT CONSUMPTION FALLING (2a)				
Norway	6,746	107.0	53.1	-0.1
Trinidad	3,917	92.2	39.1	-0.1
Israel	4,351	153.6	70.9	-0.2
Greece	3,789	173.5	65.3	-0.2
Jamaica	1,415	74.9	35.9	-0.3
Iceland	5,884	60.0	92.3	-0.7
Spain	4,224	114.3	67.1	-1.1
Jordan	1,139	128.7	22.3	-1.5
Singapore	3,979	17.7	61.8	-3.0
Subgroup ave.	4,070	120.1	62.3	-0.8
Group ave.	3,239	129.1	34.5	1.2

1/ In calculating GDP/population (per capita income), an effort was made to standardize income for comparison across countries, beyond the exchange rate conversion. 2/ Average annual compound rate.

The United States and the EC have competed for the North Africa/Middle East market in recent years by offering various credit programs and price incentives. These importers generally use the credit offered. Once credit is exhausted, purchases are usually made from the exporter with the most competitive price.

The Export Enhancement Program has enabled the United States to price its wheat and flour competitively in nine countries of the region and has stimulated sales of U.S. wheat. Since September 1985, more than 4.5 million tons of wheat and flour have been sold to the region through the EEP, representing about 20 percent of U.S. wheat and flour sales worldwide. The United States will need to continue to combine competitive prices and credit programs to boost sales in this important region.

China is likely to be another important growth market. Per capita wheat consumption has more than doubled since 1965 and is still expanding. Although China's average annual population growth may be less than 1 percent during the next decade, its real per capita income growth is expected to remain strong. Higher incomes and the increased availability of wheat in rural areas are the key factors behind consumption increases.

China has a top credit rating, but can still afford to pay cash for its wheat. However, Chinese buyers are particularly sensitive to price differences, usually buying the cheapest wheat available. The United States, which supplied more than 50 percent of China's wheat imports in 1980-1982, provided less than 10 percent in 1985/86. If the United States can regain its price competitiveness, substantial exports to China are likely in the coming decade.

Wheat Imports by Groups 3 & 5 Require Continued Credit, Aid

Increases in wheat imports by the developing nations of Groups 3 and 5 will depend on each country's ability to purchase wheat and on the underlying consumer demand for wheat. With limited foreign exchange reserves, most of these nations base their wheat import decisions on the most attractive credit or aid package extended by the exporters; export prices are not usually the key factor.

For example, the United States has maintained its P.L. 480 wheat and flour exports at about 4 million tons per year since fiscal 1980, despite the fact that U.S. export prices have varied markedly relative to the competition.

The United States also offers short-term credit guarantees (GSM-102) to many developing nations, enabling them to purchase U.S. agricultural commodities without a big initial cash outlay. Credit will continue to play a large role in U.S. wheat sales to developing nations with inadequate diets.

Consumption Trends Influence Export Prospects

Per capita growth in world wheat consumption is critical for U.S. wheat exports. Whether the recent drop in world wheat prices will signal a return to the robust consumption growth of 1965-1980 depends largely on income gains in developing nations and on consumers' preferences for wheat at higher income levels. If per capita wheat consumption growth went back up from 0.54 to 0.81 percent per year, an additional 6 million tons of wheat would be consumed annually by 1990. *[Scott Reynolds (202) 786-1691 and Mervin Yetley (202) 786-1705]*

Transportation

RAIL RATES AND COMPETITION

In 1984, one could ship corn on the railroad 630 miles from Columbus, Ohio, to an export elevator at Norfolk, Virginia, for about 45 cents a bushel. The price to ship corn from Columbus to Burch, North Carolina, 600 miles away, was about 65 cents a bushel. Each price represents a significant addition to local corn prices at country elevators.

Transportation typically forms an important part of total grain marketing costs because grain production is concentrated in the Corn Belt and Plains States. Shipping grain to animal-production regions for feed, to population centers for food, or to ports for export is often a matter of long distances. Movements by truck, rail, or barge typically cost between 20 cents and $1.50 per bushel.

What are the key factors that determine transportation rates? What is the effect of competition among carriers? How will several important mergers between railroads — the most notable the proposed sale of Conrail to Norfolk Southern — influence competition?

Transportation modes vary across commodities and regions. Trucks are widely used for short hauls, while rail is the predominant mode for long hauls in regions far from barge-loading locations.

Transportation rates are largely determined by several important cost factors — distance to be hauled, size of a single shipment, and total annual volume to be shipped — and by competition in transportation services.

Distance is the most important cost determinant, but costs increase less than proportionately with distance. For example, line-haul charges for a trainload movement of corn from South Sioux City, Nebraska, to Houston were about 61 cents a bushel in 1983. Charges for a trainload movement from the same origin to Tacoma, Washington, a 60-percent increase in mileage, were only 28 percent higher, or 78 cents. Costs per mile, and rates per mile, decline with increases in mileage.

Yard Costs Per Bushel Drop With Larger Shipments

Individual shipment sizes and annual volumes also affect costs. Grain is typically shipped in cars that hold 100 tons. A shipment of three cars, for example, will normally be put into a mixed train of several commodities bound for various destinations, and then will be switched and reclassified into new trains several times before reaching its final destination. Since the costs of switching and reclassifying shipments increase very little with the size of a shipment, these yard costs decline per bushel as a shipment gets larger.

In addition, as shipment sizes increase further, to 50, 75, or 100 carloads, carriers can organize unit trains of a single commodity moving to a single location. Unit trains do not require switching. Moreover, if a shipper can generate enough volume over a period of time, a carrier can dedicate equipment to that route and keep a unit train shuttling back and forth.

Because of the regular nature of unit train operations, dedicated equipment is used more intensively, and the capital costs of such equipment may be spread over a larger volume of grain, lowering costs per bushel.

Several additional factors affect costs indirectly, through mileage, shipment sizes, or volumes. Small and remote

points of origin and destination generate little volume and relatively long distances because they are seldom directly linked by main lines. Poor track conditions limit the loads on individual cars, the size of trains, and the speed of movement. For example, some routes in the Northern Plains in the late 1970's limited loads to 60-ton boxcars, rather than 100-ton hopper cars.

Finally, topography can affect train sizes. Unit trains heading along the low-level route from Illinois to the Gulf typically consist of 120 cars, while unit trains bound over the Rockies to the Pacific Coast use the same number of locomotives and the same crew size to haul only 52 or 54 cars.

Unit Trains Increasing

Most export rail movements of corn, and an increasing share of domestic movements, use unit trains. By contrast, until recently most export wheat movements were in one- and three-car shipments, as were virtually all domestic wheat movements. Since 1981, however, unit train use has spread rapidly among wheat shippers. That year, unit trains accounted for only 28 percent of all wheat arriving by rail at ports; by 1984, the percentage was up to 61.

Because unit trains add to shippers' costs, requiring specialized loading facilities and higher inventories, railroads must offer rate cuts for unit trains. Size- and volume-related rates, and rate cuts, have spread through the Plains wheat region in the past several years. Railroad deregulation, which gave railroads greater pricing flexibility, also expedited the new rate structure.

Near Major Rivers, Barges Are Strong Competition

Besides costs, competition among carriers influences shipping rates. In many parts of the Corn Belt, for example, barges provide strong competition and push rail rates down. Although they are much slower than trains, barges (especially on the Mississippi and Illinois rivers) have such low costs compared with rail that they dominate in regions near the rivers. As one moves away from rivers, railroads become more competitive with barges, because grain must be trucked to the river and truck costs increase with distance.

If, for example, it costs 14 cents a bushel to truck grain 50 miles, 18 cents for 100 miles, and 26 cents for 200 miles, then the barge advantage over rail (adjusted for greater barge

Statistical Analysis Of Export Grain Rates

The Economic Research Service used a multiple regression model to analyse the effects of competition on rail rates for corn, wheat, and soybeans. The model was:

$$RTM = a + b\,MILES + c\,TONS + d\,VOLUME + e\,PORT + f\,WATER + g\,RAILCOMP + h\,INTRA + i\,Q2 + j\,Q3 + k\,Q4$$

where RTM is the rail rate per ton mile, MILES is the distance shipped, TONS is the size of the shipment, VOLUME is the total annual grain volume shipped on the specified route, WATER is the distance to competing water-based facilities, and RAILCOMP is a measure of interrailroad competition in a Crop Reporting District.

RAILCOMP equals 1 for a monopoly district and increases with the number of competing railroads. For a given number of railroads, however, RAILCOMP declines as they become more unequal in size (a district with four railroads in which one has 90 percent of the traffic while the other three are minor will have an index of 1.22, close to the monopoly value of 1). Specifically, RAILCOMP is a Herfindahl type of index, the reciprocal of the sum of squared grain traffic market shares of railroads in the district.

This common index, used in the Justice Department's merger guidelines, conveniently summarizes the number of competitors and their relative size. All variables listed above are specified in natural logarithms. The others are dummy variables which take on values of 0 or 1; PORT is 1 if the shipment originates at a water port, INTRA is 1 if the shipment is intrastate, and the Q variables refer to the quarter of the year.

In the analysis, MILES, TONS, and VOLUME all had large, negative, statistically significant effects on RTM — the longer or larger a shipment or the more volume on a route, the lower the rate per ton mile. The effects of WATER and RAILCOMP are shown below:

	CORN	WHEAT	SOYBEANS
WATER	.086	.242	.086
	(5.95)	(33.48)	(2.64)
RAILCOMP	-.284	-.122	-.198
	(12.48)	(8.23)	(3.96)

The numbers in parentheses are t statistics. The coefficients are of the expected sign and are highly significant. The size of the coefficients indicates that, while competition is not a dominant determinant of rates, it does have important effects.

How a Conrail-Norfolk Southern Merger Would Affect Rail Concentration and Rates for Corn

Crop reporting district	Herfindahl concentration index 1/		Mean predicted rate increase	
	Pre-merger	Post-merger	Corn	Soybeans
			Percent	
NW Ind.	3.15	2.92	2.1	1.2
NC Ind.	2.03	1.94	1.3	.7
NE Ind.	1.67	1.00	19.2	8.5
WC Ind.	2.20	2.18	.3	.1
Cent. Ind.	2.66	1.56	19.2	8.8
EC Ind.	2.16	1.30	18.0	8.3
NW Ohio	3.42	2.05	11.1	8.5
NC Ohio	2.32	1.69	8.3	5.1
Cent. Ohio	2.74	1.41	24.1	11.1

1/ Herfindahl concentration indexes increase from 1.00 (a single railroad) as the number of competitors rises or as the competitors become more equal in size.

time and transfer costs) must be at least 26 cents a bushel to justify the barge choice if a shipper is 200 miles from the water.

As a result, barges tend to be the dominant choice within 100 miles of rivers, rails dominate in regions more than 200 miles away, and the modes compete in between. In Plains States, where barges are often not an alternative, rail rates have historically been higher than in Corn Belt locations near the Mississippi, Illinois, and Ohio rivers.

Railroads also compete with each other, through rate and service offerings. Changes in rate offerings result in changes in an elevator's bid price for local grain. As the bid price rises, farmers ship grain from further away to the relevant elevator. The strength of competition between railroads depends on the number of railroads in a region, their proximity, and the condition of their tracks, equipment, and facilities.

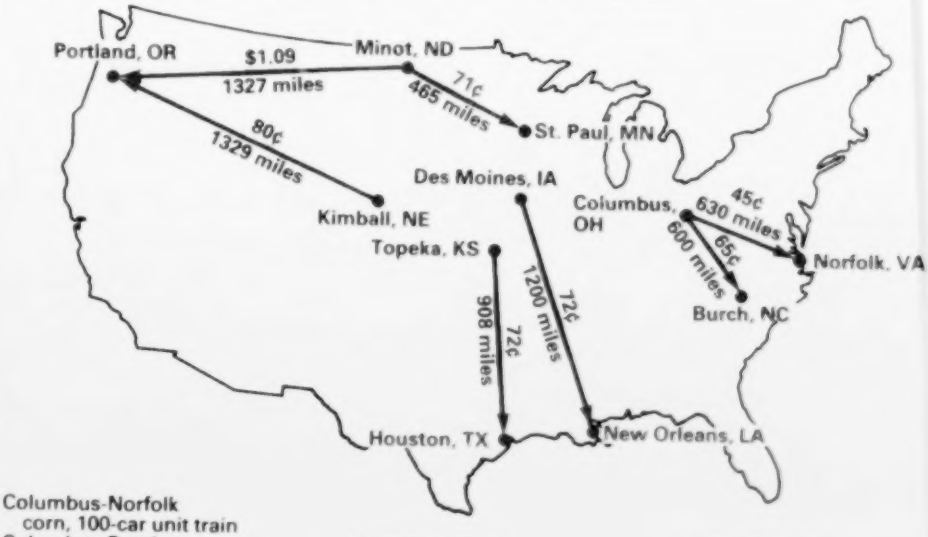
For example, the accompanying map shows two wheat movements into Portland, Oregon, with approximately equal size, distance, and topographical features. The rate from Minot, North Dakota, in the Northern Plains, is $1.09 a bushel, 29 cents more than the rate from Kimball, in western Nebraska. Competition may account for the discrepancy, since the Burlington Northern railroad competes with the Union Pacific for traffic from Nebraska to the Pacific, but has no competition for traffic from North Dakota.

Does Competition Between Railroads Lower Rates?

The effectiveness of interrailroad competition has long been doubted. First, the nature of the business requires that railroads coordinate selection of equipment and new track, and also work together in moving trains from one railroad line to another. Second, there are not many railroad companies in the country, and very few in any particular grain-producing area — generally from one to four.

But, statistical analysis (see accompanying box) indicates that competition among railroads has an important effect on rail rates. For example, analysis shows that a corn shipment of average size and distance is priced 18 percent lower when there are two equal-sized rail competitors than when there is just one railroad in a district.

Rail Rates Determined by Distance, Volume, and Competition



Columbus-Norfolk
corn, 100-car unit train
Columbus-Burch
corn, 3-car shipment
Des Moines-New Orleans
corn, 75-car unit train

Topeka-Houston
wheat, 50-car unit train
Kimball-Portland
wheat, 54-car unit train

Minot-Portland
wheat, 52-car unit train
Minot-St. Paul
wheat, 3-car shipment

Tariff rates per bushel as of late 1984.

Adding a third competitor of the same size reduces rates an additional 11 percent.

For wheat, the results are weaker, but competition still has an effect: a change from one to two railroads in a district leads to an 8-percent rate decline, and an increase from two to three produces a further 5-percent drop.

Barge proximity has a powerful influence on rail rates; the further a railroad is from the river, the higher its rates. Barge competition, where relevant, is powerful enough to offset a decline in rail competition. That is, analysis shows that a railroad with no nearby rail competitors still has little power over rates if water competition is nearby.

Interrailroad competition may be reduced by rail company mergers. Merged systems often find cost advantages from greater coordination of operations and from eliminating duplicate facilities. Mergers also often allow for the reorganization of systems following a railroad bankruptcy. But rail mergers can harm shippers with few alternatives, and grain shippers in many regions may fall into that category.

Conrail-Norfolk Southern Merger Would Boost Rail Rates for Grain

In one possible merger affecting the eastern Corn Belt, the Federal Government proposes to sell its majority share in Conrail to the Norfolk Southern Corporation. Conrail and Norfolk Southern are two of the three major Eastern U.S. rail systems, the third being the CSX Corporation.

Conrail and Norfolk Southern currently compete in corn- and soybean-producing regions of Ohio and Indiana, for grain shipped to East Coast ports and Eastern domestic destinations. A merger between the two would reduce the transport options of growers and shippers in the eastern Corn Belt and probably lead to higher transport rates and lower grower prices.

The merger would have little effect on railroad competition in western and north central Indiana, because one of the two roads has only a very small share of grain traffic there. However, in eastern and central Indiana and northern and central Ohio, the merger could significantly change rail competition.

In northern Ohio, close to Great Lakes ports, export rail rates for corn could rise by 8-11 percent. In northern and central Indiana, rates could rise 18-19 percent, and in central Ohio, 24 percent. This would translate into 10 cents a bushel, raising total rail costs from about 45 cents a bushel to 55 for central Ohio corn. Rate increases for soybeans would be lower, with a maximum of 11 percent in central Ohio. *(James M. MacDonald (202) 786-1865)*

Food and Marketing

THE FOOD MARKETING SYSTEM AND THE FARM SECTOR

Americans allocated about 15 percent of disposable personal income to food in 1985. Less than 3-1/2 percent went to U.S. farmers, and about 1 percent went to imported and fishery products. The other 10-1/2 percent, over $300 billion, paid for food processing, transportation, storage, distribution, retailing, and other services.

The domestic market accounts for about 80 percent of cash receipts at the farm level. The rest comes from exports.

Food Marketing Is Low-Growth Industry

Compared with the nonfood economy, both the farm and food-processing sectors are low-growth industries. While the mix of food consumed and the degree of processing have changed, the total amount (retail weight equivalent) of food consumed per person per year has fluctuated around 1,400 pounds for the past quarter-century.

Between 1976 and 1984, food expenditures rose 3 percent annually, while disposable personal income (DPI) rose 5 percent a year. Consequently, the portion of DPI spent on food fell from nearly 17 percent to about 15 percent during the decade, even though processing has risen markedly.

The food and farm sectors are also characterized by ongoing structural change. The farm system has seen larger farms and diminishing numbers in recent years, and so have the food processing, wholesaling, and retailing industries. Companies processing foods, feeds, and beverages — companies which form the most direct link with the farm system — declined by nearly 10,000, or 40 percent, between 1967 and 1982, the latest census year.

Merger, Divestiture Common

Amid declining company numbers, the food processing industry has been heavily engaged in mergers and divestitures. More than 20 percent of the 500 largest food processors were acquired by merger in the decade preceding 1985. In both 1984 and 1985, food processors ranked near the top of all manufacturing firms in mergers and divestitures.

Why the interest in a slow-growth industry? Food production tends to be more stable than most industries; it dipped only slightly during the 1981-82 recession, while industrial production fell sharply.

Consumers tend to keep expenditures on food steady during recessions. Thus profits, employment, and capital expenditures in food manufacturing tend to be more stable than in other industries, falling less during recessions and rising less during expansions. To firms outside of food manufacturing, especially those in more cyclical industries, this can be a desirable feature.

To firms in related industries, such as tobacco products, with established marketing channels, mergers with a food company can increase clout for gaining scarce shelf space. Because of the importance of brand names, purchase of an existing line can be more desirable than penetrating the market with costly new products. To firms within the same type of food manufacturing (for example, two meatpackers), mergers can improve market share and economies of scale.

However, large horizontal mergers between leading firms are usually blocked by antitrust authorities. For example, the proposed mergers between Coca-Cola and Dr. Pepper, and Pepsi and Seven-Up, have recently been challenged by the Federal Trade Commission. Many smaller firms, though, join in such mergers, particularly in local industries such as bakery products or dairy, to achieve greater economies of production and distribution.

Mergers with food manufacturers are not always permanent. Divestitures of previously acquired companies are common. A number of conglomerate firms have sold their food manufacturing operations. For example, Dart and Kraft have recently announced that the two companies, merged in 1981, will again be separate.

Food manufacturing concentration due to mergers and acquisitions can affect farmers both positively and negatively. To the extent that mergers result in operating and marketing efficiencies, marketing margins can be reduced. This, in turn, can reduce consumer prices and/or increase prices received by farmers. On the other hand, concentration may result in increased market power, reduced market outlets for farmers, and some reduction in product choice for consumers. The net effects are usually determined by the characteristics of the merger and the affected product.

Portion of Disposable Personal Income Spent on Food

	1970	1975	1980	1985
	Percent			
All food	17.2	16.9	16.5	15.0
At home	13.2	12.7	12.1	10.4
Away from home	4.0	4.2	4.3	4.6

Number of Food Processing Firms and Share of Value Added to Food

	1967	1982
Companies (number)	26,549	16,600
Share of value added (percent)		
50 largest firms	35	43
Next 450 largest	32	34
Top 500	67	77
All others	33	23

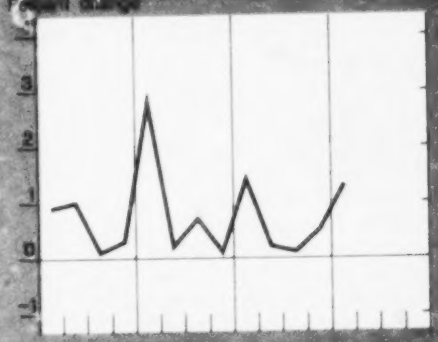
What the U.S. Food Marketing Sector Contributes to GNP

Item	1976	1980	1984
	Percent		
Food sector	11.5	11.0	10.5
Nonfood sector	88.5	89.0	89.5
GNP	100.0	100.0	100.0

Food and Marketing Indicators

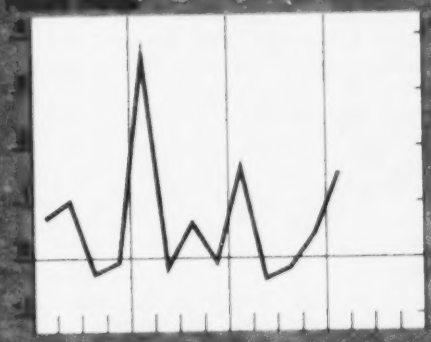
CPI: Total food[2]

Percent change



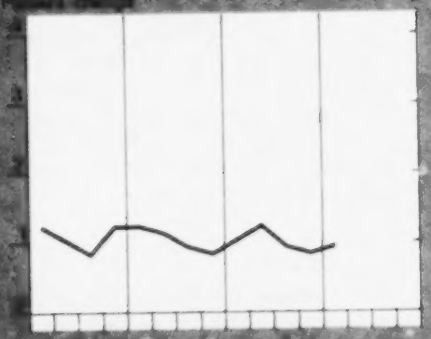
CPI: Food at home[2]

Percent change



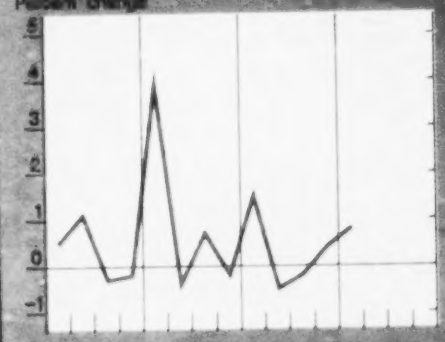
CPI: Food away from home[2]

Percent change



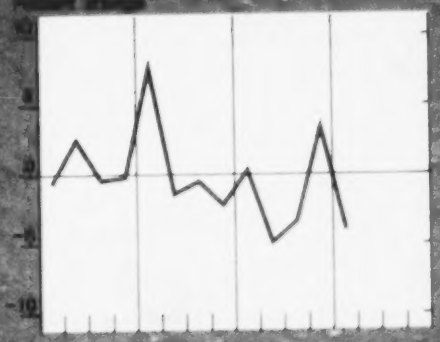
Retail cost of food[1]

Percent change



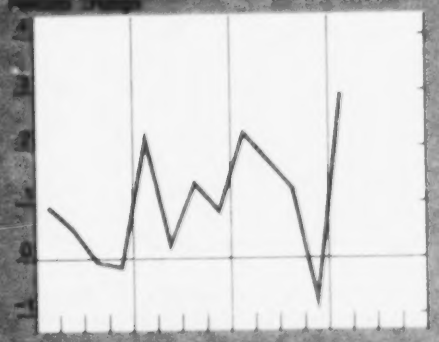
Farm value of food[1]

Percent change



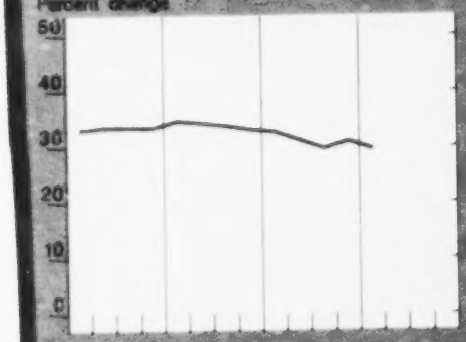
Farm-retail spread[1]

Percent change



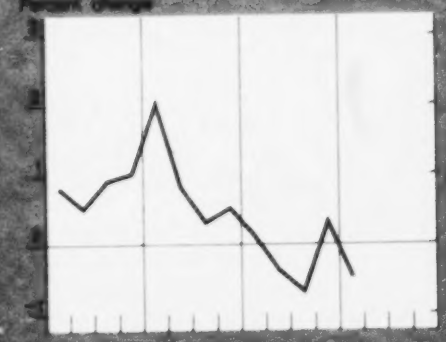
Farm value/retail cost[1]

Percent change



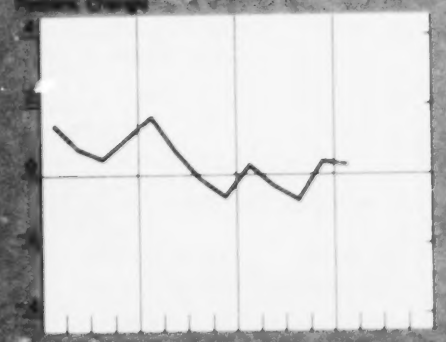
Food marketing cost index[2]

Percent change



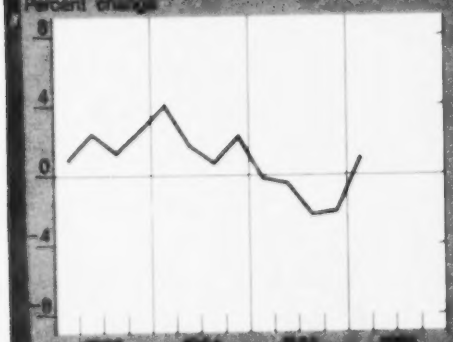
Index of hourly earnings[2,4]

Percent change



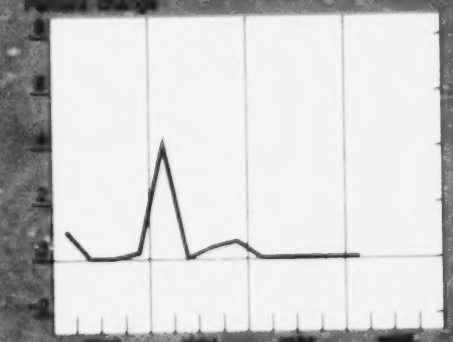
Index of packaging prices[4]

Percent change



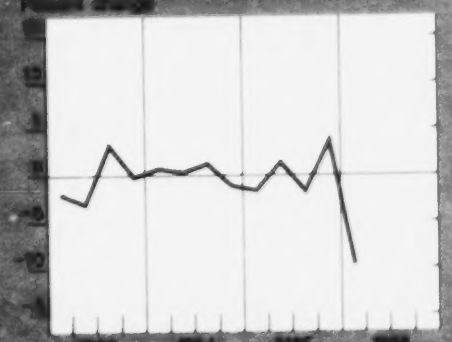
Index of rail freight rates[4]

Percent change



Index of energy rates[4]

Percent change



Looking ahead, both the food marketing system and the farm sector, so interdependent, will have to adjust to the slow-growth domestic market. Continued internal restructuring, expansion in international markets, and resource reallocation appear likely. The number of food manufacturing firms will probably keep slipping, with increased automation in this capital-intensive industry. A decline in the number of retailers and wholesalers also appears likely.

Foreign Markets Are Important to Growth

The domestic farm economy continues to depend on exports for increases in demand. Likewise, food manufacturing's expansion may be in foreign markets, either through increased high-value exports or expansion of foreign operations.

In domestic markets, food retailers have responded to slower growth by emphasizing nonfood product sales. For food manufacturers, continued new product introductions, over 2,000 in 1985 alone, will be a way to compete for a greater market share.

In addition, the past several decades have seen much sharper growth rates for highly processed foods. Somewhat stagnant demand for raw agricultural products has been more than offset by, in effect, selling convenience — either in restaurant food or in completely processed dinners for home consumption. *[Anthony E. Gallo (202) 786-1866]*

Upcoming Economic Reports

Summary Released	Title
August	
1	Agricultural Resources
6	Livestock & Poultry
12	World Ag Supply & Demand
15	Cotton & Wool
18	Foreign Ag. Trade of the U.S.
19	Agricultural Outlook
20	Exports
22	Feed
25	Econ. Indicators of the Farm Sector
26	South Asia
27	Fruit

Summaries are released electronically on the dates indicated; the full reports, including tables, may also be accessed [illegible]. For details, call

FOOD PRICE OUTLOOK

During the first half of 1986, food prices averaged about 2 percent above the same period in 1985 (table 6). The Consumer Price Index for food at home rose 1.5 percent and the CPI for food away from home climbed 4 percent.

The small size of the food-price rise is primarily due to large supplies and low farm prices. In addition, low crude oil prices have held down food processing and distributing costs. Because growth in real disposable personal income in the first half has been only modest, consumer demand for food has strengthened little.

Faster Price Rises Coming In Second Half of Year

In the second half, prices of red meats are expected to rise because supplies will decline, and slightly stronger growth in real disposable personal income will help to nudge food prices up a bit. Even so, the CPI average for food in all of 1986 is not likely to be more than 3 percent above 1985.

Since red meat and poultry account for more than 25 percent of the CPI for food at home, their prices have a strong impact on total food costs. The CPI for beef and veal declined in each of the first 5 months of this year, bringing May prices 1.5 percent below a year earlier. Pork prices declined in 3 of the first 5 months, while poultry prices remained relatively stable. Large supplies of beef and poultry were the primary reason for these price movements.

Although the number of cattle slaughtered in the first 5 months was below

Changes in Food Price Indicators, 1983-1986

	1983	1984	1985	1986
Consumer Price Indexes		Percent		
All food	2.1	3.8	2.3	2 to 4
Food away from home	4.4	4.2	4.0	2 to 4
Food at home	1.1	3.6	1.4	2 to 4
Meat, poultry, & fish	-0.7	1.6	-0.3	1 to 3
Meats	-1.1	0.3	-1.0	0 to 2
Beef & veal	-1.5	1.2	-2.1	0 to 2
Pork	-0.7	-1.3	0.2	1 to 3
Other meats	-0.4	0.4	0.6	-1 to 1
Poultry	1.2	10.6	-1.0	1 to 3
Fish & seafood	1.2	3.2	4.9	7 to 9
Eggs	4.7	11.7	-16.6	7 to 9
Dairy products	1.2	0.7	1.9	-1 to 1
Fats & oils	1.3	9.5	2.2	-1 to 1
Fruits & veg.	0.3	8.6	2.6	2 to 4
Fresh fruits	-4.3	11.1	10.1	2 to 4
Fresh veg.	3.6	10.9	-4.3	6 to 8
Processed fruits & veg.	1.0	6.0	2.6	-2 to 0
Processed fruits	1.5	7.2	4.1	-3 to -1
Processed veg.	0.4	4.7	1.1	1 to 3
Sugar & sweets	1.9	3.9	2.5	2 to 4
Cereals & bakery prod.	3.2	4.4	3.8	2 to 4
Nonalcoholic bev.	1.9	2.5	2.0	5 to 7
Other prepared foods	3.1	3.0	3.3	2 to 4
Market basket of farm foods				
Farm value	-2.2	5.3	-6.8	-1.9
Farm-retail price spread	2.5	3.2	5.2	3.1
Retail cost	0.9	3.9	1.1	1.5

1986 forecast.
Historical data: Bureau of Labor Statistics.

a year earlier, slaughter weights were heavier, pushing beef production up. The dairy herd liquidation program bolstered beef production. Poultry output also expanded, adding considerably to total meat supplies. In contrast to beef and poultry, pork supplies declined. Pork production, cold storage stocks, and imports are well below a year ago, but competing supplies of beef and poultry have kept pork prices from rising.

Red Meat Supplies Smaller in Second Half

In the second half, supplies of red meats will decline, but poultry production will remain strong. Retail beef prices are expected to rise, but low prices in the first half and competition from poultry will hold the annual average increase in the beef CPI to less than 1 percent.

Retail pork prices will also rise in the second half because of smaller supplies. Nevertheless, competition from poultry will help to keep the price increase to about 1 to 2 percent above 1985. Poultry prices will likely be up slightly because of higher red meat prices, but remain close to current levels for the rest of the year.

Vegetables, Coffee Climbing

Retail prices for most other commodities in 1986 are expected to rise 2 to 4 percent above 1985. Fresh vegetable prices, however, will likely climb 5 to 7 percent because of reduced production following some record-large crops last year, particularly potatoes.

The CPI for nonalcoholic beverages will also rise more than the average because of increased coffee prices. Retail coffee prices have started to ease from the high levels of February and March, but for the rest of the year coffee will still cost more than before last season's drought in Brazil.
[Ralph Parlett (202) 786-1870]

Recent Publications

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Florida and Mexico Competition for the Winter Fresh Vegetable market. AER-556. June 1986. (Price $5.00.) Stock Number: 001-019-00474-6.

Assessment of a Marketing Order Prorate Suspension: A Study of California-Arizona Navel Oranges. AER-557. June 1986. (Price $2.25.) Stock Number: 001-019-00470-3.

The Mid-Atlantic Region in Transition: Employment Trends, 1974-84. RDRR-57. April 1986. (Price $1.25.) Stock Number: 001-019-00445-2.

Black Farmers and Their Farms. RDRR-59. July 1986. (Price $2.00.) Stock Number: 001-019-00449-5.

A Quarterly Model of the U.S. Dairy Sector and Some of Its Policy Implications. TB-1717. April 1986. (Price $2.00.) Stock Number: 001-019-00447-9.

Price Responsiveness of World Grain Markets: The Influence of Government Intervention on Import Price Elasticity. TB-1720. June 1986. (Price $1.75.) Stock Number: 001-019-00466-5.

Upcoming Releases from the Agricultural Statistics Board

The following list gives the release dates of the major Agricultural Statistics Board reports that will be issued by the time the September *Agricultural Outlook* comes off press.

August

1 Poultry Slaughter
4 Dairy Products
6 Celery
8 Vegetables
12 Crop Production
13 Mushrooms
Turkey Hatchery
14 Milk Production
15 Cattle on Feed
18 Sugar Market Statistics
19 Cranberries
Farm Labor
20 Catfish
21 Eggs, Chickens, & Turkeys
22 Livestock Slaughter
Cold Storage
25 Filbert Production (Tent.)
28 Peanut Stocks & Processing
Rice Stocks
29 Agricultural Prices

U.S. vs. the World: Trade Negotiations Ahead

International tensions over trade issues continue as trade ministers move toward a new round of multilateral trade negotiations (MTN) scheduled to begin in September. The United States, along with over 90 other countries, is preparing to begin the eighth MTN round held since the signing of the General Agreement on Tariffs and Trade (GATT) in 1947.[1] The U.S. Trade Representative, Ambassador Clayton K. Yeutter, will direct U.S. participation in these negotiations.

Previous MTN's, particularly the Kennedy Round during 1963-67, substantially lowered tariff barriers to world trade. The subsequent Tokyo Round, held in 1973-79, launched the first major attempt to reduce nontariff barriers, which have grown more prominent as tariff barriers have fallen.

Tokyo Round Lowered Nontariff Barriers

At the end of the Tokyo Round in 1979, the United States received agricultural trade concessions that totaled $408 million when phased in. About three-quarters of the concessions benefiting U.S. farmers — such as increased beef and citrus import quotas in Japan and the EC — were from nontariff barrier reductions. Other U.S. farm products receiving concessions included almonds, poultry, canned mixed fruit, and rice.

[1]The GATT is a multilateral treaty whose members ("contracting parties") agree to follow its rules and guidelines governing world trade.

When the upcoming round of talks was initially called for, few countries had developed specific objectives on commodities. However, most agreed on the need for new talks to counter the protectionist trend arising since the 1982 world recession. Member-country trade ministers are now scheduled to meet in Punta del Este, Uruguay, starting on September 15, to draw up an agenda for the actual negotiations.

For the United States, agriculture is an urgent priority in the upcoming talks, with the major U.S. objective to bring it more fully under effective GATT rules. If U.S. objectives to eliminate export subsidies and nontariff barriers are achieved at the next MTN, they could eventually produce a more liberal agricultural trade environment. A stronger GATT framework for agriculture could also be an important step toward easing bilateral friction over farm trade issues.

Some Issues Already Being Discussed

A number of these bilateral issues are under discussion. U.S. grain and oilseed producers will want to pay special attention to negotiations between the United States and the EC regarding the EC inclusion of Spain and Portugal. The extension of the EC system of variable levies to these countries could hurt U.S. corn, sorghum, wheat, and oilseed exports.

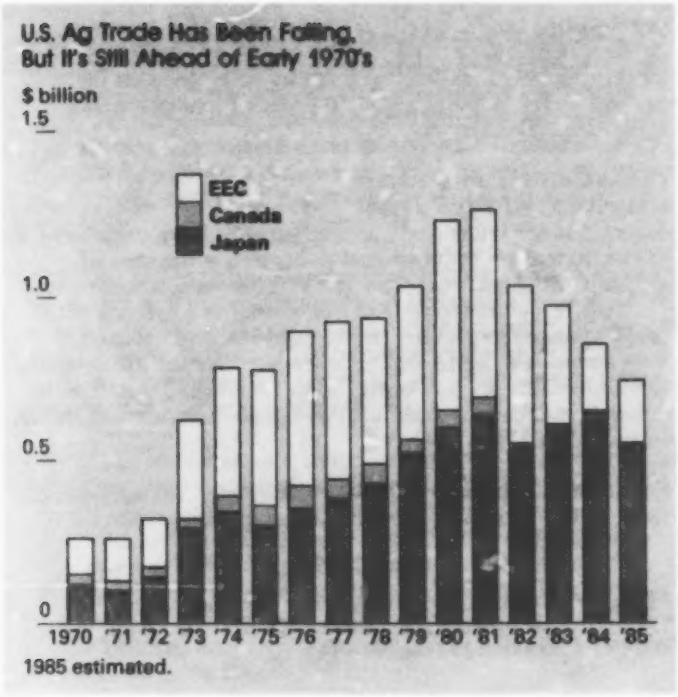
The United States will try to negotiate expansion in beef and citrus exports to Japan for the period after the current agreement expires in 1988. Japan's agricultural import quotas are still highly restrictive and tariffs remain steep. The United States continues to seek more access to this market, important also for forestry and tobacco products and many processed and high-value items.

Northeast U.S. dairy farmers, Midwest hog producers, and Northwest lumbering concerns, among others, will want to watch negotiations aimed at freer trade with Canada. Freer agricultural trade will offer expanded marketing opportunities to U.S. farmers, although it could also expose some sectors to stiffer Canadian competition.

Trade Disputes Reflect Severe World Agricultural Problems

Why are agricultural trade issues so explosive now? The agricultural trade environment has changed dramatically in the 7 years since the last MTN round came to a close. In the 1970's, world agricultural trade grew rapidly and there was concern that exports would be unable to meet the world's burgeoning food needs. However, since the beginning of the 1980's, global agricultural supply has expanded more rapidly than demand, putting downward pressure on commodity prices.

The United States, the European Community, Japan, Canada, and other developed nations, as well as many developing countries, rely on agricultural support programs — price supports, income payments, input subsidies, and stabilization funds — to keep farm incomes from falling. Nontariff barriers, such as quotas, licensing schemes, variable levies, and voluntary export restraints, are used to insulate domestic prices from world levels.



Export subsidies are used to dispose of surplus commodities. Thus, agriculture – along with steel and textiles – remains one of the most highly protected sectors of the international economy.

During the 1980's, the U.S. share of world agricultural trade declined and the U.S. agricultural trade balances with the world, the EC, and Canada deteriorated sharply. This situation, still worsening despite the dollar's recent decline against the European and Japanese currencies, has made the U.S. farm sector keenly aware of these countries' barriers against U.S. agricultural imports.

Since 1979, formal protests filed by U.S. farm organizations and the Government against foreign agricultural trade policies have grown dramatically. For example, agricultural trade disputes represented half or more of U.S. section 301 trade disputes pending at the end of 1985. The majority of U.S. complaints involve the developed countries already mentioned, particularly the EC. However, a growing number of cases also involve other U.S. trade competitors and partners, such as Argentina and Brazil.

Recognizing these problems, developed country leaders and ministers recently called for structural adjustments to these global agricultural surpluses at the Tokyo Summit and OECD ministerial meetings. They also called for new multilateral trade talks and a stronger GATT.

Lenient GATT Rules Worsen Agricultural Trade Problems

Agricultural trade disputes particularly underscore the inadequacies of the existing GATT framework. Agricultural trade problems have grown because exceptions to GATT rules have been made over the years for agriculture. GATT rules prohibit the use of export subsidies for manufactured exports, but for primary products – that is, for agriculture – member governments must only "seek to avoid" the use of export subsidies and "should weigh possible adverse effects of domestic subsidies on trade" (Code on Subsidies and Countervailing Duties).

In the EC, the pervasive use of export subsidies to compensate for high internal prices and to make EC commodities competitive on world markets particularly bothers the United States and other agricultural exporters. This practice has resulted in the EC's acquiring greater shares of several world commodity markets than it would have under a more liberal trade regime. In some cases, such as grains and beef, the EC has moved from being a net importer to become a large net exporter because of its variable levy and subsidy system.

GATT rules limit the use of nontariff trade barriers. But, often these rules have little effect on agricultural trade because countries have found ways to circumvent them or because a country's domestic food and agricultural programs can be exempted from these rules under certain circumstances.

GATT Waivers Common

For example, in 1955 the United States was granted a waiver to control agricultural imports that would nullify commodity programs operating under Section 22 of the U.S. Agricultural Adjustment Act.[2] Other countries' use of nontariff barriers and subsidies has grown virtually unchecked by the GATT, and will be at the heart of negotiations.

Prior to the start of the next MTN, the U.S. Trade Representative will focus on, among other items, the issues raised by enlargement of the European Community (see *Agricultural Outlook* for July). Spain and Portugal became members of the Common Market on January 1. U.S. complaints with EC enlargement center on three major provisions of accession, all involving agricultural trade:

- imposition of the EC variable levy on grains in Spain;
- provision for a 15.5-percent quota for EC suppliers for grain imported by Portugal; and
- marketing limitations on oilseeds in Portugal.

Unable to persuade the EC not to implement these accession provisions, the United States on March 31 announced quota and tariff measures it might take against imports from the EC, commencing July 1. The specified items included certain cheeses, fruit and vegetable products, alcoholic beverages, and confections. The EC responded by targeting certain U.S. products for counter-retaliation should the U.S. tariffs be raised. Soybean meal, corn gluten feed, almonds, wheat, and rice were among the products specified.

A deadlock in EC-U.S. talks ensued, with the EC arguing that the United States would be adequately compensated in the industrial sector, and the United States referring to the principle of equity within agricultural trade. However,

[2]Section 22 prevents interference by imports with U.S. support programs for specified agricultural commodities.

anxious to avoid a major trade confrontation as GATT negotiations approach, the EC and the United States managed to achieve a temporary settlement, announced on July 2.

EC Agrees To Compensate U.S. For Lower Spanish Imports of Feed

According to the provisional agreement, the EC will monitor Spanish imports of corn, sorghum, corn gluten feed, distiller dried grains, and citrus pellets — the latter three of which were excluded from the Spanish market prior to March 1986. The monitoring, occurring during second-half 1986, aims at allowing the United States to sell Spain an overall quantity of feed comparable to that sold in 1985, an average 234,000 tons per month. If Spanish imports fall below this average level, compensatory imports by other EC countries will be encouraged through a reduced-levy quota. Meanwhile, the United States and the EC will seek a permanent resolution by December 31 of this year.

Negotiations over enlargement are not the only EC-U.S. disputes that need resolution. The United States has complained that the EC subsidizes its exports of pasta, wheat and wheat flour, poultry, and sugar and extends preferential tariffs on citrus products to Mediterranean, African, Caribbean, and Pacific exporters. Bilateral consultations over some of these issues have gone on for several years, although GATT panels have supported some U.S. allegations.

Consultations with Japan Chip Away at High Trade Barriers

Japan's large trade and current account surpluses have drawn attention to its import quotas on a number of agricultural products. The yen's appreciation since the Group of Five[3] meeting last September is expected to cut into Japanese exporters' profit margins and eventually slow Japan's exports and encourage imports. Meanwhile, the United States will continue to seek broader access to Japan's market through bilateral consultations and, later, through the MTN.

Since the conclusion of the Tokyo Round, U.S. agricultural trade talks with Japan have covered a wide range of

[3]Finance ministers and central bank governors from the five major industrial countries: the United States, the UK, Germany, France, and Japan.

Main U.S. Agricultural Interests in Upcoming Talks

Talks on:	GATT	U.S.-EC	U.S.-Japan	U.S.-Canada
When:	**September 1986.** Ministerial meeting to decide on trade round.	**December 1988.** Agreed resolution date for enlargement disputes.	Ongoing talks focus on expanding processed product imports.	**Two-year negotiation period** to explore issues for a Canadian-U.S. Free Trade Area.
Issues:	Bring agriculture under more effective GATT rules. Restrict/prohibit use of ag export subsidies. Gain greater market access/reduce trade barriers to U.S. ag exports. Develop more effective procedures to settle GATT disputes.	Compensate U.S. for lower corn and sorghum exports because of Spanish variable levy. Compensate U.S. for lower grain and oilseed exports because of required Portuguese grain purchases from EC sources and oilseed import and marketing limitations. Discussion of other disputes concerning U.S. citrus exports and pasta imports.	Renew negotiation of beef and citrus import agreement which expires 1988. Expansion of Japanese wood product imports under Market-Oriented Sector Selective talks to expand processed products. Elimination of 12 Japanese quota categories, including: preserved milk and cream, processed cheese, tinned meats, dried vegetables, starch, peanuts, certain sugars, fruit pulp, noncitrus juices, tomato sauce, and ketchup. Eliminate trade practices inhibiting sales of foreign manufactured tobacco imports. Reduce tariff and tax, and eliminate health barriers to imports of U.S. wine.	Eliminate tariff and nontariff barriers to goods and service flows, including all sectors unless exempted. Likely agricultural issues include Canadian lumber and U.S. corn and wine exports.

issues, including Japan's volume restrictions on 19 categories of farm imports, its high tariffs on high-value and processed products, the external effects of its domestic agricultural policies, and technical issues relating to plant and animal quarantine and other marketing regulations. The most prominent of these discussions related to limiting Japan's exports of subsidized rice and expanding access to its beef and citrus markets.

A 1980 U.S.-Japan understanding limiting Japan's subsidized rice exports was significant because it addressed one of the external consequences of Japanese domestic agricultural policy. Because of increasing producer price supports and high consumer prices since 1960, Japan had a serious rice surplus by the end of the 1970's.

To reduce it, the Government instituted a multiyear diversion program to convert paddy land to other crops, a surplus-disposal scheme to subsidize rice for export and feed use, and lower real support prices. Japan's heavy rice exports in 1979 and 1980 led to the American Rice Millers' filing a complaint with the U.S. Trade Representative. Later the complaint was withdrawn when the United States and Japan agreed to limit Japan's rice exports through March 1984.

Japanese Surplus Rice Displaced U.S. Coarse Grain and Wheat Imports

The agreement, while helping to keep Japanese rice exports below what they otherwise might have been, did not address other aspects of Japanese rice policy — such as the diversion program and subsidized use of rice in formula feed — which hurt U.S. coarse grain and wheat trade.

The subsidized use of 1.6 million tons of surplus rice in formula feed during 1981-83 displaced a similar amount of coarse grain, much of which would have been imported. The rice diversion program also led to sharp increases in Japan's wheat production and thus reduced wheat imports. Additionally, since the termination of the agreement in 1984, rice stocks have begun to grow once again, pointing to the possible recurrence of a Japanese rice surplus by the end of the decade.

The other major U.S.-Japan agricultural trade discussion in recent years was over expanded access to the Japanese beef and citrus markets, both heavily protected by import quotas and other restrictions. In 1984, Japan agreed to expand its import quotas for beef, fresh oranges, and orange juice through March 1988; to liberalize imports of grapefruit juice in April 1986; and to take other measures to facilitate the trade in these items.

The expanded quotas mean an additional $35-$40 million per year in U.S. exports to Japan. This is a small sum compared with the $5 to $6 billion in total U.S. agricultural exports to Japan, but significant to U.S. beef exporters and citrus producers, who depend heavily on growth in the Japanese market for increased overseas sales.

Japanese Put Steep Tariffs On High-Value and Processed Items

Additional U.S.-Japan farm trade discussions over the last several years have aimed at reducing barriers affecting high-value and processed products. More recently, Japan has agreed to reduce tariffs on plywood and paper products. These tariff reductions will come in stages.

Despite successes, Japan's tariff and nontariff barriers remain high on many farm products. While tariffs on bulk commodities are quite low, those on many processed products are 20 percent or more. For beef and veal, they are 25 percent; dairy products, 25-35; and egg products, 20-25. Seasonal tariffs on fresh citrus are as high as 40 percent. U.S.-Japanese consultations on quota restrictions on twelve categories of agricultural products were held as recently as April, but no agreement was reached to liberalize imports. Unresolved U.S. complaints about Japan's tobacco products, wine, and chocolate import policies continue to ruffle trade relations between the two nations.

Agriculture Is Bone of Contention In U.S.-Canadian Talks

In a move that runs counter to growing world protectionism and escalating trade disputes, the United States has agreed to negotiate with Canada, its largest trade partner in the world, to establish freer trade. These negotiations will be long and complex — especially if agriculture is included — because of the many policies and programs that could be affected on both sides.

Agricultural products represent a small share of U.S. trade with Canada, yet they are prominent in many current trade disputes. The United States has filed numerous trade complaints against increased agricultural imports that U.S. producers feel are harming their industries.

Canada wants to improve its access to the large U.S. market and head off what it perceives as growing protectionist sentiment here. However, in 1985 Canada had over a $20-billion trade surplus with the United States.

Canada is much more dependent on the United States as a market for its exports and for imports than the United States is on Canada. About 20 percent of all U.S. exports and 6 percent of U.S. agricultural exports go to Canada, while three-fourths of all Canada's exports and almost one-fourth of its agricultural exports go to the United States.

In addition, three-quarters of Canada's total imports and over one-half of its agricultural imports come from the United States. This situation suggests that changes that affect trade, such as in U.S. border policies, could have a greater impact on the Canadian economy than on the U.S. However, a free trade arena could provide new opportunities for the U.S. economy as well.

U.S.-Canadian trade in many products, such as livestock, red meat, and oilseeds, is basically unhindered by restrictions now. But trade in some products, such as fruits and vegetables in season and many high-valued and processed products, is hampered in both directions by Canadian and U.S. tariffs. Quotas on both sides of the border restrict dairy trade. Canadian quotas on poultry and eggs limit imports from the United States.

Because both countries have a variety of domestic farm-support policies and programs that may be incompatible with freer trade, agriculture has been included in the talks.

Weak Canadian Dollar Has Favored Canadian Exports to U.S.

Even as the United States and Canada prepare to negotiate freer trade, a number of disputes impede progress. According to U.S. Census data, the agricultural trade balance has been steadily shifting in Canada's favor in the 1980's. In 1985, the United States became a net agricultural importer from Canada. This shift, reflecting the steady deterioration in the value of the Canadian dollar against the U.S. dollar, has prompted a growing number of disputes.

Most of the disputes in the 1980's have originated in the United States because of increased imports of Canadian good – for example, potatoes, hogs, and sugar blends. In addition, the U.S. wine industry has complained about various provincial policies that effectively limit Canadian imports of U.S. wine. Other complaints have been made about subsidized grain and rapeseed products entering the Northwestern United States under the Western Grain Transportation Act, and certain Canadian fresh vegetables entering the U.S. Great Lakes region.

More recently, within weeks of the start of freer trade negotiations the United States imposed a countervailing duty of 35 percent on imports of Canadian cedar shakes and shingles. Canada retaliated with duties on U.S. computers, books, oats, and other products. Still pending is an ITC countervailing duty case on imports of Canadian softwood lumber products. A preliminary ruling has found that the U.S. lumber industry has suffered injury as a result of imports from Canada.

Trade actions have not been limited to the United States. An Ontario corn producer group has just filed a countervailing duty case against U.S. corn imports, claiming that U.S. corn production and exports are subsidized.

These complaints point out that a major area of contention in the free trade negotiations will be the many domestic programs and policies each country maintains and how these relate to each country's safeguard mechanisms – for example, how each country defines subsidy and determines dumping margins.

The subsidy issue came to light in the hog case, where the U.S. Government determined that certain Canadian programs provided benefits to Canadian producers that constituted subsidies under U.S. law. The Maine potato case against Eastern Canadian potatoes involved dumping. U.S. producer groups claimed Canadian potatoes were being sold in the United States at a price below that in Canada. "Dumping margin" refers to the difference between the Canadian and U.S. price.

Again, underlying these trade conflicts is the need for clearer GATT guidelines about the use of domestic agricultural policies that affect international trade.

Nonagricultural Issues Could Also Affect Farmers

Although agriculture is not the only U.S. interest in upcoming trade talks, other objectives may also encompass agricultural issues. For exampie, the United States wishes to strengthen the GATT by refining and expanding participation in the nontariff barrier codes developed during the Tokyo Round. Elaborating the codes on subsidies, customs valuation, import licensing, technical barriers to trade, and government procurement is one likely approach to improvements in GATT rules that could have broad, long-term effects on agricultural trade.

Of particular interest to the United States is revising the dispute settlement process to operate more quickly and effectively. Another U.S. objective is eliminating some of the preferential treatment received by developing countries due to balance-of-payments and infant industry considerations, as well as developing a code on emergency import restraints (safeguards).

Even the U.S. objectives of bringing services and intellectual property trade under the GATT could affect agriculture. Rules on services could affect grain shipping insurance rates. Rules on intellectual property could affect the rights of countries to copy genetic engineering and other technology that affects agricultural development.

Negotiations May Take Several Years

Congress will need to pass new authorization for the U.S. Trade Representative to negotiate before the United States completes a new round of trade talks. Past multilateral trade negotiations have proven to be lengthy undertakings. The focus in the next MTN on GATT rules and procedures is likely to result in long negotiations that will not produce quick benefits. Even traditional tariff cuts resulting from the Tokyo Round took 7 to 8 years to phase in.

However, the possibility of trade gains that could last into future decades, covering a broader-than-usual range of issues, is incentive for the United States, as is negotiating specific trade sectors such as agriculture and services.

For agriculture, a sector of the world economy particularly fraught with trade distortions, the next MTN could prove to be especially important. Studies have indicated that existing protectionism in agriculture has contributed to surplus production, low world commodity prices, and international price instability.

A more liberal trade arena could bring a more promising future for American farm exports. Of course, U.S. concessions offered in an MTN could expose the more vulnerable sectors of U.S. agriculture to increased competition from imports. But, U.S. concessions would likely be phased in over a number of years. Furthermore, multilateral reductions of trade barriers – including removal of agricultural export subsidies – would minimize the costs of adjustment that would have to be borne by U.S. producers or those of any other single country.

The next MTN round provides the broadest forum available for easing the agricultural trade tensions that have plagued friendly trade relations between the United States and many of its trade partners and competitors over the last several years. *[European Community: Mark Neuman and Miles Lambert (202) 786-1718; Japan: Bill Coyle and Lois Caplan (202) 786-1611; Canada: Carol Goodloe and Mary Anne Normile (202) 786-1663; GATT and the MTN: Ted Wilson and Nicole Ballenger (202) 786-1667]*

Summary Data

Table 1.—Key statistical indicators of the food and fiber sector

	1985				1986				
	II	III	IV	Annual	I	II F	III F	IV F	Annual F
Prices received by farmers (1977=100)	130	122	126	128	123	122	122	121	122
Livestock & products	135	129	136	136	133	130	136	141	136
Crops	125	116	114	120	112	113	107	100	108
Prices paid by farmers, (1977=100)									
Prod. items	152	149	149	151	149	145	144	143	145
Commodities & services, int., taxes, & wages	164	162	162	163	163	160	160	159	160
Cash receipts ($ bil.) 1/	136	140	157	142	132	124-128	125-129	135-139	129-133
Livestock ($ bil.)	68	68	73	69	69	64-68	67-71	70-74	67-71
Crops ($ bil.)	68	72	84	73	63	58-62	57-61	63-67	60-64
Market basket (1967=100)									
Retail cost	282	282	283	283	285	286	287	290	287
Farm value	237	229	236	238	227	228	230	239	231
Spread	309	313	310	309	319	318	320	318	319
Farm value/retail cost (%)	31	30	31	31	30	29	30	31	30
Retail prices (1967=100)									
Food	310	310	311	310	315	317	319	320	316-322
At home	2[illegible]	296	297	297	302	303	304	306	300-306
Away-from home	346	349	351	347	354	359	359	361	357-360
Agricultural exports ($ bil.) 2/	6.8	5.7	7.8	31.2	7.4	6.2	6.7	7.8	27.5
Agricultural imports ($ bil.) 2/	5.0	4.6	4.9	19.7	5.3	5.0	4.8	4.9	20.0
Production:									
Red meats (mil. lb.)	9,869	9,931	9,814	39,136	9,551	10,018	9,730	9,197	38,496
Poultry (mil. lb.)	4,269	4,452	4,293	16,871	4,105	4,500	4,720	4,630	17,955
Eggs (mil. doz.)	1,408	1,408	1,442	5,688	1,421	1,410	1,430	1,470	5,731
Milk (bil. lb.)	37.5	36.8	35.6	143.7	36.2	38.6	35.9	34.4	145.1
Consumption, per capita:									
Red meats and poultry (lbs)	53.6	54.6	55.3	214.6	51.9	54.0	53.9	53.7	213.5
Corn beginning stocks (mil. bu.) 3/	4,623.2	2,835.5	1,648.2	1,648.2	8,614.7	6,587.9	--	--	4,013.0
Corn use (mil. bu.) 3/	1,788.8	1,186.4	1,899.5	6,505.0	2,028.9	1,600.8	--	--	6,900.0
Prices: 4/									
Choice steers--Omaha ($/cwt)	57.66	52.17	61.42	58.37	57.22	54.58	57-61	60-66	57-60
Barrows and gilts--7 mkts. ($/cwt)	43.09	43.62	45.05	44.77	43.30	47.00	54-58	51-57	48-51
Broilers--12-city (cts./lb.)	50.7	50.9	50.2	50.8	50.3	54.3	58-62	52-58	53-56
Eggs--NY Gr. A large (cts./doz.)	60.0	68.3	75.9	66.5	74.2	63.2	66-70	67-73	67-70
Milk--all at plant ($/cwt.)	12.50	12.17	12.60	12.73	12.37	11.97	12.10-12.30	13.00-13.40	12.35-12.50
Wheat--Kansas city HRW ($/bu.)	3.47	3.09	3.31	3.40	3.33	--	--	--	--
Corn--Chicago ($/bu.)	2.86	2.52	2.41	2.65	2.48	2.51	--	--	--
Soybeans--Chicago ($/bu.)	5.89	5.52	5.09	5.55	5.28	--	--	--	--
Cotton--Avg. spot mkt. (cts./lb.)	60.5	57.9	56.1	58.5	60.0	64.0	--	--	--

	1978	1979	1980	1981	1982	1983	1984	1985	1986 F
Gross cash income ($ bil.)	117.1	135.1	143.3	146.5	149.0	148.1	153.3	152-155	145-149
Gross cash expenses ($ bil.)	82.6	98.1	106.1	110.7	110.7	109.8	114.1	109-111	101-105
Net cash income ($ bil.)	34.6	37.0	37.2	35.8	38.3	38.3	39.2	43-46	42-46
Net farm income	27.4	31.7	20.2	29.8	24.6	15.0	34.5	29-32	26-30
Farm real estate values (1977=100)	109	125	145	158	157	148	146	128	112

1/ Quarterly data seasonally adjusted at annual rates. 2/ Annual data based on Oct.-Sept. fiscal years ending with year indicated. 3/ Dec.-Feb. first quarter; Mar.-May second quarter; June-Aug. third quarter; Sept.-Nov. fourth quarter; feed year annual. Use includes exports and domestic disappearance. 4/ Simple averages. F = Forecast.

Table 2.—U.S. gross national product and related data

	Annual			1985				1986
	1983	1984	1985	I	II	III	IV	I r
	$ Bil. (Quarterly data seasonally adjusted at annual rates)							
Gross national product	3,401.6	3,774.7	3,988.5	3,917.5	3,960.6	4,016.9	4,059.3	4,115.7
Personal consumption expenditures	2,229.3	2,423.0	2,582.3	2,525.0	2,563.3	2,606.1	2,634.8	2,668.2
Durable goods	289.6	331.1	361.5	351.5	356.5	376.[illegible]	362.0	363.1
Nondurable goods	817.0	872.4	912.2	895.7	910.2	914.5	928.3	935.6
Clothing & shoes	135.2	147.4	156.0	152.8	156.3	155.7	159.4	162.0
Food & beverages	422.0	451.7	474.0	465.5	472.1	475.9	482.5	488.7
Services	1,122.7	1,219.6	1,308.6	1,277.8	1,296.6	1,315.6	1,344.6	1,369.5
Gross private domestic investment	501.9	674.0	669.3	657.6	672.8	666.1	680.7	717.2
Fixed investment	508.3	607.0	661.8	639.1	657.3	665.9	685.0	677.3
Change in business inventories	-6.4	67.1	7.5	18.5	15.5	0.2	-4.3	39.9
Net exports of goods & services	-5.3	-59.2	-78.5	-42.3	-70.3	-87.8	-113.4	-105.8
Government purchases of goods & services	675.7	736.8	815.4	777.2	794.8	832.5	857.2	836.2
	1982 $Bil. (Quarterly data seasonally adjusted at annual rates)							
Gross national product	3,277.7	3,492.0	3,570.0	3,547.8	3,557.4	3,584.1	3,590.8	3,616.9
Personal consumption expenditures	2,145.9	2,239.9	2,313.0	2,288.6	2,303.5	2,329.6	2,330.4	2,352.3
Durable goods	283.6	318.6	345.3	335.0	340.3	359.3	346.7	346.1
Nondurable goods	800.7	828.0	846.9	839.9	846.7	849.8	851.1	864.9
Clothing & shoes	132.7	142.8	146.9	145.0	147.4	146.9	148.1	153.1
Food & beverages	414.3	423.0	436.0	430.1	436.8	439.5	437.8	442.4
Services	1,061.7	1,093.3	1,120.8	1,113.7	1,116.5	1,120.4	1,132.6	1,141.4
Gross private domestic investment	503.4	661.3	649.0	639.6	655.6	645.0	655.7	684.4
Fixed investment	508.9	598.6	643.3	623.8	640.5	646.8	662.0	649.1
Change in business inventories	-5.5	62.7	5.7	15.8	15.1	-1.8	-6.3	35.3
Net exports of goods & services	-19.4	-85.0	-108.4	-71.8	-101.1	-119.8	-140.8	-138.1
Government purchases of goods & services	647.8	675.9	716.4	691.4	699.4	729.2	745.5	718.3
GNP implicit price deflator								
% change	3.8	4.1	3.3	3.0	3.3	2.9	3.3	2.9
Disposable personal income ($bil.)	2,425.4	2,670.2	2,800.8	2,739.2	2,817.7	2,800.2	2,845.9	2,893.4
Disposable per. income (1982 $bil.)	2,334.6	2,468.4	2,508.7	2,482.7	2,532.2	2,503.1	2,517.1	2,553.1
Per capita disposable per. income ($)	10,328	11,263	11,703	11,487	11,790	11,687	11,847	12,020
Per capita dis. per. income (1982 $)	9,942	10,412	10,483	10,411	10,595	10,447	10,479	10,597
U.S. population, total, incl. military abroad (mil.)	234.8	237.1	239.3	238.5	239.0	239.6	240.2	240.7
Civilian population (mil.)	232.6	234.9	237.0	236.2	236.7	237.2	237.9	238.4

	Annual			1985	1986			
	1983	1984	1985	May	Feb	Mar	Apr	May p
	Monthly data seasonally adjusted							
Industrial production (1977=100)	109.2	121.8	124.5	124.1	125.6	124.4	125.0	124.2
Leading economic indicators (1967=100)	156.0	165.8	169.1	167.1	175.2	176.2	178.5	178.8
Civilian employment (mil. persons)	100.8	105.0	107.2	106.9	108.6	108.8	108.9	109.1
Civilian unemployment rate (%)	9.6	7.5	7.2	7.3	7.3	7.2	7.1	7.3
Personal income ($ bil. annual rate)	2,836.4	3,111.9	3,293.5	3,271.2	3,400.2	3,406.8	3,448.5	3,444.8
Money stock-M2 (daily avg.) ($bil) 1/	2,188.8	2,373.7	2,565.8	2,452.0	2,576.6	2,591.2	2,620.8	2,647.0
Three-month Treasury bill rate (%)	8.63	9.58	7.48	7.56	7.03	6.59	6.06	6.12
Aaa corporate bond yield (Moody's) (%)	12.04	12.71	11.37	11.72	9.67	9.00	8.79	9.09
Housing starts (thou.) 2/	1,703	1,750	1,742	1,684	2,001	1,960	2,039	1,888
Auto sales at retail, total (mil.)	9.2	10.4	11.0	11.3	10.9	9.7	11.1	11.3
Business inventory/sales ratio	1.38	1.34	1.37	1.36	1.37	1.40	1.38	—
Sales of all retail stores ($ bil.)	97.9	107.8	114.5	114.0	117.2	116.7	117.1 p	117.1
Nondurable goods stores ($ bil.)	64.8	68.9	71.6	71.4	73.2	73.4	72.5 p	72.3
Food stores ($ bil.)	21.2	22.5	23.5	23.3	24.3	24.5	24.1 p	24.1
Eating & drinking places ($ bil.)	9.6	10.4	10.9	11.0	11.3	11.4	11.4 p	11.3
Apparel & accessory stores ($ bil.)	5.0	5.4	5.8	5.8	6.0	6.2	6.2 p	6.1

1/ Annual data as of December of the year listed. 2/ Private, including farm. p = preliminary. r = revised.

Information contact: James Malley (202) 786-1283.

Table 3.—Foreign economic growth, inflation, and export earnings[1]

	Average 1970–74	Average 1975–79	1980	1981	1982	1983	1984	1985 est.
	Annual percent change							
Total foreign								
Real GNP	5.0	3.7	2.6	1.6	1.7	1.9	3.0	3.2
CPI	10.2	14.0	16.1	15.3	14.4	18.4	21.7	21.5
Export earnings	27.5	14.6	22.6	-2.0	-7.7	-2.2	5.9	.6
Developed less U.S.								
Real GNP	4.8	3.1	2.3	1.3	1.1	1.9	3.4	3.0
CPI	8.4	9.4	10.9	9.6	8.1	6.1	5.1	4.7
Export earnings	23.9	14.9	17.0	-3.3	-4.2	-0.5	6.1	4.6
Centrally planned								
Real GNP	5.1	3.5	1.5	2.1	2.7	3.4	3.5	4.2
Export earnings	19.4	16.1	16.4	3.4	6.0	8.2	-3.1	0.5
Latin America								
Real GNP	7.4	5.1	5.3	.7	-.5	-2.7	3.0	4.1
CPI	23.5	53.7	61.3	64.9	72.6	126.2	174.2	179.6
Export earnings	28.1	12.8	30.1	4.4	-9.9	0	5.9	-3.3
Africa & Middle East								
Real GNP	8.9	6.5	1.3	0	1.4	.1	-.2	1.1
CPI	8.7	16.4	16.3	14.5	12.0	15.5	10.9	9.0
Export earnings	49.6	43.0	38.5	-6.7	-20.1	-17.3	-4.7	-1.6
Asia								
Real GNP	6.0	6.8	6.3	6.6	3.6	6.6	5.2	3.5
CPI	13.0	8.4	16.4	14.1	7.3	7.7	8.6	6.4
Export earnings	30.1	19.4	27.3	4.4	-.1	3.8	13.9	-2.9

1/ Export earnings measured in U.S. dollars.

Information contact: Arthur Morey (202) 786-1687.

Farm Prices

Table 4.—Indexes of prices received and paid by farmers, U.S. average

	Annual			1985	1986					
	1983	1984	1985	June	Jan	Feb	Mar	Apr	May	June p
	1977=100									
Prices received										
All farm products	135	142	128	129	124	122	122	121	123	121
All crops	128	139	121	123	113	111	111	114	114	110
Food grains	148	144	133	129	133	131	135	135	120	100
Feed grains & hay	143	145	122	130	114	113	113	113	118	114
Feed grains	146	148	122	131	114	112	111	112	116	115
Cotton	104	108	92	100	88	92	91	93	94	94
Tobacco	155	153	154	157	146	145	143	142	141	141
Oil-bearing crops	102	109	84	87	77	78	78	78	78	78
Fruit, all	128	202	183	190	160	154	150	146	157	177
Fresh market 1/	123	220	196	206	167	160	156	151	166	189
Commercial vegetables	130	135	128	103	138	117	126	147	144	117
Fresh market	129	133	122	91	133	108	120	147	144	108
Potatoes etc. 2/	123	157	125	163	88	91	94	108	105	120
Livestock & products	141	146	136	134	135	133	132	127	131	131
Meat animals	147	151	142	142	141	139	136	132	138	138
Dairy products	140	139	131	126	129	128	126	124	124	123
Poultry & eggs	118	135	119	115	122	116	125	115	117	119
Prices paid										
Commodities & services, interest, taxes, & wage rates	161	164	163	164	163	163	—	160	—	—
Production items	153	155	151	151	150	149	—	145	—	—
Feed	134	135	116	117	114	113	—	112	—	—
Feeder livestock	160	154	154	155	147	151	—	147	—	—
Seed	141	151	153	150	154	154	—	141	—	—
Fertilizer	137	143	135	135	128	128	—	125	—	—
Agricultural chemicals	125	128	128	128	128	128	—	126	—	—
Fuels & energy	202	201	201	204	203	188	—	160	—	—
Farm & motor supplies	152	147	146	147	145	145	—	144	—	—
Autos & trucks	170	182	193	194	198	197	—	197	—	—
Tractors & self-propelled machinery	174	181	178	177	174	174	—	175	—	—
Other machinery	171	180	183	184	184	184	—	184	—	—
Building & fencing	138	138	136	136	136	136	—	135	—	—
Farm services & cash rent	146	149	150	152	153	153	—	153	—	—
Interest payable per acre on farm real estate debt	250	255	242	250	237	237	—	237	—	—
Taxes payable per acre on farm real estate	129	132	133	135	136	136	—	136	—	—
Wage rates (seasonally adjusted)	148	151	154	158	150	150	—	150	—	—
Production items, interest, taxes, & wage rates	159	161	157	159	156	155	—	152	—	—
Ratio, prices received to prices paid 3/	84	86	79	79	76	75	75	76	77	76
Prices received (1910-14=100)	615	650	586	588	567	557	557	551	560	553
Prices paid, etc. (Parity index) (1910-14=100)	1,105	1,130	1,121	1,129	1,121	1,119	—	1,102	—	—
Parity ratio (1910-14=100) 3/	56	58	52	52	51	50	—	50	—	—

1/ Fresh market for noncitrus; fresh market and processing for citrus. 2/ Includes sweetpotatoes and dry edible beans. 3/ Ratio of index of prices received for all farm products to index of prices paid for commodities and services, interest, taxes, and wage rates. Ratio derived using the most recent prices paid index. Prices paid data will be published in January, April, July, and October.
p = preliminary.

Information contact: National Agricultural Statistical Service (202) 447-4021.

Table 5.—Prices received by farmers, U.S. average

	Annual*			1985	1986					
	1983	1984	1985	June	Jan	Feb	Mar	Apr	May r	June p
Crops										
All wheat ($/bu.)	3.58	3.46	3.20	3.09	3.19	3.15	3.28	3.36	3.02	2.45
Rice, rough ($/cwt.)	8.31	8.32	7.85	7.83	7.90	7.86	7.60	5.80	5.01	5.27
Corn ($/bu.)	2.99	3.05	2.49	2.64	2.33	2.32	2.29	2.29	2.39	2.38
Sorghum ($/cwt.)	4.89	4.60	3.98	4.52	3.69	3.55	3.67	3.80	3.98	3.95
All hay, baled ($/ton)	73.66	75.38	70.05	72.10	67.80	67.30	68.00	69.20	70.90	62.40
Soybeans ($/bu.)	6.73	7.02	5.42	5.62	5.16	5.18	5.23	5.22	5.25	5.19
Cotton, Upland (cts./lb.)	62.9	65.6	55.9	60.3	53.0	55.4	55.0	56.4	56.9	56.9
Potatoes ($/cwt.)	5.82	5.69	3.91	6.67	3.11	3.30	3.50	4.24	4.09	4.89
Lettuce ($/cwt.) 1/	12.4[illegible]	10.70	12.20	7.10	11.80	8.55	11.00	15.80	18.10	9.26
Tomatoes ($/cwt.)	26.48	27.93	28.63	17.70	34.20	22.80	25.10	30.10	26.90	20.60
Onions ($/cwt.)	9.56	13.56	9.33	10.90	6.21	6.31	6.83	9.11	9.53	11.10
Dry edible beans ($/cwt.)	22.40	18.70	17.80	19.20	17.40	16.90	16.80	16.90	16.70	17.10
Apples for fresh use (cts./lb.)	14.9	15.5	n.a.	13.1	17.0	17.9	18.4	17.3	21.1	24.2
Pears for fresh use ($/ton)	280.36	201.82	375.55	550.00	348.00	350.00	417.00	440.00	604.00	838.00
Oranges, all uses ($/box) 2/	5.95	7.97	n.a.	7.81	4.05	3.69	3.69	3.39	3.91	4.44
Grapefruit, all uses ($/box) 2/	2.68	3.77	n.a.	5.63	3.70	3.72	3.90	4.58	4.41	5.58
Livestock										
Beef cattle ($/cwt.)	55.83	57.56	53.96	53.60	53.20	53.00	52.40	50.30	51.00	49.40
Calves ($/cwt.)	62.12	60.23	62.42	62.60	60.10	62.80	61.90	58.90	58.00	58.40
Hogs ($/cwt.)	46.23	47.61	43.88	44.60	44.30	42.80	40.40	39.70	45.80	50.10
Lambs ($/cwt.)	55.48	60.33	68.08	69.70	63.90	67.00	64.90	69.10	76.30	75.40
All milk, sold to plants ($/cwt.)	13.57	13.45	12.73	12.20	12.50	12.40	12.20	12.00	12.00	11.90
Milk, manuf. grade ($/cwt.)	12.63	12.54	11.78	11.30	11.60	11.40	11.30	11.20	11.10	10.90
Broilers (cts./lb.)	29.3	33.2	30.2	31.5	30.5	29.0	30.2	29.9	30.9	34.0
Eggs (cts./doz.) 3/	63.1	70.3	57.4	53.4	65.1	61.5	68.3	57.8	56.2	50.5
Turkeys (cts./lb.)	36.5	46.6	47.2	40.6	35.7	36.4	36.9	38.0	40.7	46.1
Wool (cts./lb.) 4/	61.5	76.5	62.6	69.8	54.3	55.8	61.7	67.8	75.2	73.5

1/ Due to program modifications, 1983 data not comparable with 1984 and 1985. 2/ Equivalent on-tree returns. 3/ Average of all eggs sold by producers including hatching eggs and eggs sold at retail. 4/ Average local market price, excluding incentive payments. *Calendar year averages, except for potatoes, dry edible beans, apples, oranges, and grapefruit, which are crop years. p = preliminary. r = revised. n.a. = not available.

Information contact: National Agricultural Statistical Service (202) 447-4021.

Producer and Consumer Prices

Table 6.—Consumer Price Index for all urban consumers, U.S. average (not seasonally adjusted)

	Annual	1985				1986				
	1985	May	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
	1967=100									
Consumer price index, all items	322.2	321.3	325.5	326.6	327.4	328.4	327.5	326.0	325.3	326.3
Consumer price index, less food	323.3	322.4	327.4	328.5	328.9	329.5	328.5	326.6	325.7	326.7
All food	309.8	308.9	309.8	311.0	313.2	315.6	315.3	315.4	316.1	317.0
Food away from home	346.6	345.9	350.3	351.3	352.1	353.1	354.2	355.5	357.0	358.8
Food at home	296.8	297.7	295.3	296.6	299.3	302.5	301.5	301.2	301.5	302.1
Meats 1/	265.5	266.4	261.2	266.3	270.1	270.6	268.4	266.6	262.3	262.1
Beef & veal	269.7	273.7	263.2	270.8	277.8	275.7	272.3	271.3	266.0	264.9
Pork	253.1	249.0	249.9	254.0	254.7	259.3	257.0	253.4	249.9	250.0
Poultry	216.4	216.7	214.3	216.8	220.3	218.2	218.5	218.2	215.7	218.7
Fish	405.9	402.8	407.9	419.0	420.3	443.9	430.6	435.6	437.0	437.1
Eggs	174.3	169.9	187.4	190.8	196.7	194.4	186.7	190.8	188.8	173.7
Dairy products 2/	258.0	258.3	257.1	257.1	256.9	257.2	257.3	256.8	256.8	257.1
Fats & oils 3/	294.4	294.0	291.2	292.1	290.3	292.1	291.4	290.2	288.5	287.2
Fresh fruit	361.8	367.2	358.5	336.3	335.8	350.8	353.3	352.0	367.9	385.5
Processed fruit 4/	168.2	168.5	168.7	168.2	167.0	166.8	165.7	164.9	163.8	163.5
Fresh vegetables	317.5	314.3	288.1	300.0	338.3	362.3	311.1	309.0	333.7	343.7
Potatoes	324.6	369.4	260.0	257.6	260.1	267.9	262.8	261.9	267.4	279.6
Processed vegetables 4/	147.7	148.1	147.5	147.1	147.1	147.5	147.6	147.2	147.5	147.4
Cereals & bakery products 4/	317.0	315.9	318.9	319.9	321.9	322.0	322.5	322.7	322.5	323.8
Sugar & sweets	398.8	397.6	402.6	401.4	402.2	405.1	408.6	408.4	411.4	411.2
Beverages, nonalcoholic	451.7	454.1	454.1	451.7	448.8	459.7	485.3	488.0	487.4	481.9
Apparel commodities less footwear	188.1	187.3	194.0	193.6	191.1	186.3	185.2	187.5	188.4	187.2
Footwear	212.1	213.2	212.3	215.5	213.1	209.1	207.9	210.1	211.4	211.5
Tobacco products	328.5	324.1	334.4	334.7	337.4	342.7	344.7	345.6	346.5	346.5
Beverages, alcoholic	229.5	227.7	236.4	236.2	236.2	237.5	238.3	238.8	239.5	239.4

1/ Beef, veal, lamb, pork, and processed meat. 2/ Includes butter. 3/ Excludes butter. 4/ December 1977 = 100.

Information contact: Ralph Parlett (202) 786-1870.

Table 7.—Producer price indexes. U.S. average (not seasonally adjusted)

	Annual			1985		1986				
	1983	1984	1985 p	May	Dec	Jan r	Feb	Mar	Apr	May
	1967=100									
Finished goods 1/	285.2	291.1	293.8	294.1	297.2	296.0	292.3	288.1	286.9	289.0
Consumer foods	261.8	273.3	271.2	269.5	275.0	275.0	272.3	272.2	272.4	274.9
Fresh fruit	252.0	253.0	256.0	244.6	270.5	248.0	250.4	240.7	245.2	264.6
Fresh & dried vegetables	248.9	278.3	245.3	237.9	244.8	244.0	203.7	215.2	254.1	256.6
Dried fruit	409.9	386.6	362.7	362.2	375.1	371.1	369.0	369.0	373.7	373.6
Canned fruit & juice	286.8	312.4	323.1	325.0	314.1	314.6	313.3	314.1	313.4	314.0
Frozen fruit & juice	300.9	351.4	363.4	373.5	338.2	323.7	321.5	311.2	310.4	310.5
Fresh veg. excl. potatoes	210.0	219.1	205.9	181.2	220.4	220.0	169.6	189.7	237.0	238.7
Canned veg. and juices	247.1	252.6	246.9	246.2	240.0	240.8	243.9	245.5	245.0	246.0
Frozen vegetables	283.6	291.0	298.4	298.4	298.8	299.0	299.2	299.6	297.9	298.5
Potatoes	319.8	397.7	304.3	361.8	264.7	263.2	267.5	244.7	253.4	259.6
Eggs	n.a.	210.8	171.0	150.2	200.0	191.6	176.0	182.1	169.5	162.1
Bakery products	285.9	299.1	313.5	310.5	319.5	319.7	320.6	321.1	321.6	320.1
Meats	236.4	236.8	227.5	223.8	237.1	231.6	222.0	218.3	215.1	225.5
Beef & veal	236.3	237.1	220.1	220.6	234.5	223.6	210.7	208.8	202.7	214.3
Pork	227.5	226.5	224.0	211.4	232.3	231.5	221.2	213.5	213.3	228.0
Poultry	185.3	206.0	197.5	189.0	204.1	192.4	187.5	188.5	189.7	192.1
Fish	445.2	476.0	492.1	498.7	527.9	527.1	571.0	573.9	553.6	523.7
Dairy products	250.6	251.7	249.4	250.0	246.2	245.8	246.1	245.9	246.2	246.8
Processed fruits & vegetables	277.4	294.3	296.7	298.2	288.2	286.7	287.2	286.9	286.3	287.0
Shortening & cooking oils	254.7	311.6	290.5	310.4	260.4	261.0	254.7	247.8	244.2	243.1
Consumer finished goods less foods	291.4	294.1	297.4	299.0	300.7	298.3	292.5	284.4	281.4	284.1
Beverages, alcoholic	205.0	209.8	213.0	212.9	216.1	216.2	216.4	217.5	217.8	218.4
Soft drinks	327.4	340.2	344.2	345.4	342.1	345.0	345.9	348.2	351.1	352.2
Apparel	197.4	201.3	204.2	203.8	205.1	205.0	205.7	205.8	206.0	207.0
Footwear	250.1	251.7	256.8	253.8	258.6	259.4	260.4	261.5	262.7	261.8
Tobacco products	365.4	398.4	428.2	420.7	435.5	451.0	451.5	451.6	451.5	452.0
Intermediate materials 2/	312.3	320.0	318.7	319.9	318.9	317.4	313.5	309.4	307.0	306.8
Materials for food manufacturing	258.4	271.1	258.7	261.9	254.3	252.8	248.9	246.3	244.6	248.6
Flour	186.2	185.2	183.1	183.6	183.8	182.7	182.3	183.9	178.9	186.8
Refined sugar 3/	172.1	173.5	165.6	167.0	163.0	165.1	165.2	165.7	165.6	165.5
Crude vegetable oils	194.2	262.2	219.4	255.8	164.9	165.7	153.9	139.5	141.1	143.0
Crude materials 4/	323.6	330.8	306.2	309.1	304.3	301.0	290.5	280.9	272.8	278.9
Foodstuffs & feedstuffs	252.2	259.5	235.0	236.3	236.8	231.7	226.9	224.0	220.1	228.9
Fruits & vegetables 5/	262.1	278.1	260.5	251.2	267.2	256.4	234.0	236.1	260.8	271.4
Grains	240.4	239.7	202.7	214.1	195.6	193.4	193.6	191.4	191.7	199.6
Livestock	243.1	251.8	229.7	227.7	239.3	232.6	224.4	218.7	212.4	227.3
Poultry, live	206.5	240.6	226.2	214.6	235.2	212.8	197.4	209.0	211.2	218.3
Fibers, plant & animal	227.0	228.4	197.8	202.8	186.6	196.3	198.4	206.8	210.6	215.5
Fluid milk	282.0	278.3	264.6	264.9	255.2	255.2	252.7	249.1	248.4	249.2
Oilseeds	245.3	253.3	202.7	214.7	193.2	194.7	197.4	199.2	197.5	200.3
Tobacco, leaf	274.2	274.6	274.1	276.4	257.2	257.2	242.2	238.9	250.2	248.4
Sugar, raw cane	315.9	312.0	291.2	301.9	272.6	284.0	288.1	291.7	289.6	288.9
All commodities	303.1	310.3	308.8	309.8	310.2	308.9	304.7	300.3	297.9	299.2
Industrial commodities	315.7	322.6	323.9	325.3	325.1	323.8	319.4	314.0	311.3	311.7
All foods 6/	257.5	269.2	264.6	263.8	267.2	266.5	263.6	262.9	262.8	265.4
Farm products & processed foods & feeds	253.9	262.4	250.5	250.2	252.6	251.5	247.9	247.0	246.1	250.6
Farm products	248.2	255.8	230.4	230.4	232.2	227.4	220.6	218.9	217.9	226.0
Processed foods & feeds 6/	255.9	265.0	260.5	260.0	262.8	263.3	261.9	261.5	260.6	262.5
Cereal & bakery products	261.0	270.5	279.7	278.0	283.1	283.2	283.5	284.1	283.7	282.9
Sugar & confectionery	292.8	301.2	291.1	294.4	285.9	291.2	293.3	295.1	293.7	294.7
Beverages	263.6	273.1	276.7	276.9	279.9	290.0	292.5	295.2	296.8	298.0

1/ Commodities ready for sale to ultimate consumer. 2/ Commodities requiring further processing to become finished goods. 3/ All types and sizes of refined sugar. (Dec. 1977 = 100). 4/ Products entering market for the first time which have not been manufactured at that point. 5/ Fresh and dried. 6/ Includes all raw, intermediate, and processed foods (excludes soft drinks, alcoholic beverages, and manufactured animal feeds). (1977 = 100). r = revised. n.a. = not available.

Information contact: Bureau of Labor Statistics (202) 523-1913.

Table 8.—Farm-retail price spreads

	Annual				1985		1986				
	1982	1983	1984	1985	May	Dec	Jan	Feb	Mar	Apr	May
Market basket 1/											
Retail cost (1967=100)	266.4	268.7	279.3	282.6	281.9	285.4	287.3	284.2	283.3	283.4	284.5
Farm value (1967=100)	247.8	242.3	255.4	237.1	234.1	242.8	233.7	223.6	222.0	218.1	223.6
Farm-retail spread (1967=100)	277.4	284.3	293.3	309.3	310.1	310.5	318.8	319.9	319.3	321.7	320.4
Farm value/retail cost (%)	34.4	33.4	33.9	31.1	30.7	31.5	30.1	29.1	29.0	28.5	29.0
Meat products											
Retail cost (1967=100)	270.3	267.2	268.1	265.5	263.4	270.1	270.6	268.4	266.6	262.3	262.1
Farm value (1967=100)	251.3	235.8	241.5	221.8	215.2	233.5	227.6	218.0	210.1	203.8	210.0
Farm-retail spread (1967=100)	292.4	304.0	299.1	316.6	319.8	312.9	321.0	327.5	332.7	330.8	323.2
Farm value/retail cost (%)	50.2	47.6	48.6	45.1	44.1	46.6	45.4	43.8	42.5	41.9	43.2
Dairy products											
Retail cost (1967=100)	247.0	250.0	253.2	258.0	258.4	256.9	257.2	257.3	256.8	256.8	257.1
Farm value (1967=100)	261.9	262.1	258.8	248.3	248.5	238.0	237.9	237.8	236.1	234.8	233.7
Farm-retail spread (1967=100)	233.9	239.3	248.3	266.5	267.4	273.5	274.1	274.4	274.9	276.1	277.7
Farm value/retail cost (%)	49.6	49.0	47.8	45.0	44.9	43.3	43.2	43.2	43.0	42.8	42.5
Poultry											
Retail cost (1967=100)	194.9	197.5	218.5	216.4	213.6	220.3	218.2	218.5	218.2	215.7	218.7
Farm value (1967=100)	201.9	213.0	249.9	234.9	217.1	251.8	219.7	212.5	219.8	219.8	229.2
Farm-retail spread (1967=100)	188.1	182.4	188.1	198.4	210.2	189.8	216.7	224.3	216.6	211.7	208.6
Farm value/retail cost (%)	50.7	53.1	56.3	53.4	50.0	56.2	49.5	47.8	49.6	50.1	51.5
Eggs											
Retail cost (1967=100)	178.7	187.1	209.0	174.3	159.9	196.7	194.4	186.7	190.8	188.8	173.7
Farm value (1967=100)	189.8	206.1	230.3	178.9	149.6	215.7	208.3	192.1	221.3	181.0	175.0
Farm-retail spread (1967=100)	162.7	159.5	178.2	167.6	174.8	169.1	174.3	178.9	146.7	200.1	171.8
Farm value/retail cost (%)	62.8	65.1	65.1	60.7	55.3	64.8	63.3	60.8	68.6	56.6	59.6
Cereal & bakery products											
Retail cost (1967=100)	283.4	292.5	305.3	317.0	315.9	321.9	322.0	322.5	322.7	379.8	400.5
Farm value (1967=100)	178.8	186.6	192.0	175.6	182.1	169.0	170.2	165.6	165.6	164.9	161.9
Farm-retail spread (1967=100)	305.1	314.0	328.7	346.3	343.6	353.6	353.4	355.0	355.0	355.1	357.3
Farm value/retail cost (%)	10.8	11.1	10.8	9.5	9.9	9.0	9.1	8.8	8.9	8.7	8.6
Fresh fruits											
Retail cost (1967=100)	323.2	303.6	345.3	383.5	404.4	358.4	373.6	372.1	367.1	379.8	400.5
Farm value (1967=100)	288.8	220.6	315.1	299.1	300.1	341.0	286.2	269.8	260.2	244.2	268.5
Farm-retail spread (1967=100)	338.7	340.8	358.9	421.4	451.2	366.1	412.8	418.0	415.1	440.7	459.7
Farm value/retail cost (%)	27.7	22.5	28.3	24.2	23.0	29.4	23.7	22.5	22.0	19.9	20.8
Fresh vegetables											
Retail costs (1967=100)	288.9	299.3	331.8	317.5	314.3	338.3	362.3	311.1	309.0	333.7	343.7
Farm value (1967=100)	261.3	267.4	298.7	256.7	248.7	286.3	257.3	179.0	206.9	241.7	299.3
Farm-retail spread (1967=100)	301.8	314.3	347.4	346.1	345.1	362.7	411.7	373.2	357.0	376.9	364.6
Farm value/retail cost (%)	28.9	28.6	28.8	25.9	25.3	27.1	22.7	18.4	21.4	23.2	27.8
Processed fruits & vegetables											
Retail cost (1967=100)	286.0	288.8	306.1	314.1	315.0	312.3	312.6	311.6	310.5	309.7	309.2
Farm value (1967=100)	321.1	300.5	343.5	378.5	383.5	358.5	345.0	333.4	324.7	324.0	322.6
Farm-retail spread (1967=100)	278.2	286.2	297.8	299.9	299.8	302.1	305.4	306.8	307.4	306.5	306.2
Farm value/retail costs (%)	20.4	18.9	20.3	21.8	22.1	20.8	20.0	19.4	19.0	19.0	18.9
Fats & oils											
Retail cost (1967=100)	259.9	263.1	288.0	294.4	294.0	290.3	292.1	291.4	290.2	288.5	287.2
Farm value (1967=100)	207.8	251.0	324.8	271.3	322.1	237.5	203.5	191.8	179.8	185.4	181.7
Farm-retail spread (1967=100)	279.9	267.8	273.8	303.3	283.2	310.6	326.2	329.7	332.6	328.2	327.8
Farm value/retail cost (%)	22.2	26.5	31.3	25.6	30.4	22.7	19.4	18.3	17.2	17.8	17.6

	Annual				1985		1986				
	1982	1983	1984	1985	May	Dec	Jan	Feb	Mar	Apr	May
Beef, Choice											
Retail price 2/ (cts./lb.)	242.5	238.1	239.6	232.6	234.4	236.9	236.9	232.5	230.3	227.0	226.8
Net carcass value 3/ (cts.)	150.7	145.4	147.6	135.2	133.0	147.7	138.6	130.0	128.1	125.2	129.7
Net farm value 4/ (cts.)	140.5	136.2	140.0	126.8	125.4	137.4	128.4	121.0	119.8	116.2	120.4
Farm-retail spread (cts.)	102.0	101.9	99.6	105.8	109.0	99.5	108.5	111.5	110.5	110.8	106.4
Carcass-retail spread 5/ (cts.)	91.8	92.7	92.0	97.4	101.4	89.2	98.3	102.5	102.2	101.8	97.1
Farm-carcass spread 6/ (cts.)	10.2	9.2	7.6	8.4	7.6	10.3	10.2	9.0	8.3	9.0	9.3
Farm value/retail price (%)	58	57	58	55	53	58	54	52	52	51	53
Pork											
Retail price 2/ (cts./lb.)	175.4	169.8	162.0	162.0	158.7	166.5	169.0	168.3	165.8	162.2	162.3
Wholesale value 3/ (cts.)	121.8	108.9	110.1	101.1	99.6	103.5	99.1	95.7	92.4	91.7	102.8
Net farm value 4/ (cts.)	88.0	76.5	77.4	71.4	67.8	75.3	72.9	69.5	65.5	64.8	76.6
Farm-retail spread (cts.)	87.4	93.3	84.6	90.6	90.9	91.2	96.1	98.8	100.3	97.4	85.7
Wholesale-retail spread 5/ (cts.)	53.6	60.9	51.9	60.9	59.1	63.0	69.9	72.6	73.4	70.5	59.5
Farm-wholesale spread 6/ (cts.)	33.8	32.4	32.7	29.7	31.8	28.2	26.2	26.2	26.9	26.9	26.2
Farm value/retail price (%)	50	45	48	44	43	45	43	41	40	40	47

1/ Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods. 2/ Estimated weighted average price of retail cuts from pork and yield grade 3 beef carcasses. Retail cut prices from BLS. 3/ Value of carcass quantity equivalent to 1 lb. of retail cuts; beef adjusted for value of fat and bone byproducts. 4/ Market value to producer for quantity of live animal equivalent to 1 lb. of retail cuts minus value of byproducts. 5/ Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. 6/ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Note: Annual historical data on farm-retail price spreads may be found in Food Consumption, Prices and Expenditures, Statistical Bulletin 736, ERS, USDA.

Table 9.—Price indexes of food marketing costs.[1]

(See the June 1986 issue.)

Information contact: Denis Dunham (202) 786-1870.

Livestock and Products

Table 10.—U.S. meats supply and use

Item	Beg. stks	Production 1/	Imports	Total supply	Exports	Shipments	Military consumption	Ending stocks	Civilian consumption Total	Civilian consumption Per capita 2/	Primary market price 3/
	Million pounds 4/								Pounds		
Beef:											
1983	294	23,243	1,931	25,468	272	40	121	325	24,710	78.6	62.37
1984	325	23,598	1,823	25,746	329	47	112	358	24,900	78.5	65.34
1985	358	23,728	2,068	26,154	328	51	115	317	25,344	79.1	58.37
1986 f	317	23,690	2,125	26,132	500	60	99	350	25,123	77.7	57-60
Pork:											
1983	219	15,199	702	16,120	219	142	89	301	15,369	62.1	47.70
1984	301	14,812	954	16,067	164	147	86	274	15,396	61.8	48.86
1985	274	14,807	1,128	16,209	128	131	78	229	15,643	62.1	44.77
1986 f	229	14,229	1,080	15,538	130	140	76	250	14,942	58.7	48-51
Veal:											
1983	7	453	19	479	4	1	7	9	457	1.6	62.12
1984	9	495	24	528	6	1	4	14	503	1.8	60.23
1985	14	515	20	549	4	1	7	11	526	1.8	62.42
1986 f	11	515	23	549	4	0	7	7	531	1.8	61-64
Lamb and mutton:											
1983	9	375	19	403	1	2	0	11	388	1.5	57.40
1984	11	379	20	410	2	3	0	7	398	1.5	62.17
1985	7	358	36	401	1	2	0	13	385	1.4	68.61
1986 f	13	335	38	386	2	1	0	9	374	1.4	68-71
Total red meat:											
1983	529	32,970	2,670	42,469	497	185	217	646	40,924	143.8	n.a.
1984	646	39,284	2,821	42,751	501	198	202	653	41,197	143.6	n.a.
1985	653	39,408	3,252	43,313	461	185	200	570	41,897	144.5	n.a.
1986 f	570	38,769	3,266	42,605	636	201	182	616	40,970	139.6	n.a.
Broilers:											
1983	22	12,400	0	12,433	432	132	33	21	11,805	50.7	49.8
1984	21	13,016	0	13,038	407	145	34	20	12,432	52.9	55.6
1985	20	13,762	0	13,781	417	143	34	27	13,161	55.5	50.8
1986 f	27	14,454	0	14,481	480	131	33	25	13,811	57.7	53-56
Mature chicken:											
1983	113	717	0	830	18	10	3	92	707	3.0	n.a.
1984	92	672	0	764	26	2	2	119	615	2.6	n.a.
1985	119	636	0	755	21	1	2	144	587	2.5	n.a.
1986 f	144	635	0	779	20	4	1	110	644	2.7	n.a.
Turkeys:											
1983	204	2,649	0	2,853	47	7	13	162	2,624	11.3	60.5
1984	162	2,685	0	2,847	27	7	13	125	2,676	11.4	74.4
1985	125	2,942	0	3,067	27	7	13	150	2,870	12.1	75.5
1986 f	150	3,347	0	3,497	30	7	16	220	3,224	13.5	74-77
Total poultry:											
1983	339	15,766	0	16,105	497	148	50	275	15,136	65.1	n.a.
1984	275	16,373	0	16,648	460	153	49	264	15,722	66.9	n.a.
1985	264	17,340	0	17,604	465	151	49	321	16,618	70.1	n.a.
1986 f	321	18,442	0	18,762	530	141	50	355	17,686	73.9	n.a.
Red meat & poultry:											
1983	868	55,036	2,670	58,574	994	334	267	921	56,060	208.9	n.a.
1984	921	55,657	2,821	59,399	961	351	251	917	56,919	210.5	n.a.
1985	917	56,747	3,252	60,917	926	336	249	891	58,515	214.6	n.a.
1986 f	891	57,211	3,266	61,367	1,766	342	232	971	58,656	213.5	n.a.

1/ Total including farm production for red meats and federally inspected plus non-federally inspected for poultry. 2/ Retail weight basis. 3/ Dollars per cwt for red meat; cents per pound for poultry. Beef: choice steers, Omaha 900-1,100 lbs.; pork: barrows and gilts, 7 markets; veal: farm price of calves; lamb and mutton: choice slaughter lambs, San Angelo; broilers: wholesale 12-city average; turkeys: wholesale NY 8-16 lb. young hens. 4/ Carcass weight for red meats and certified ready-to-cook for poultry.
n.a. = not available. f = forecast.

Information contact: Ron Gustafson (202) 786-1830.

Table 11.—U.S. egg supply and use

	Beg. stocks	Production	Imports	Total supply	Exports	Shipments	Military use	Hatching use	Ending stocks	Civilian consumption Total	Civilian consumption Per capita	Wholesale price*
	Million dozen										No.	Cts./doz.
1981	19.4	5,824.7	4.7	5,848.7	234.2	22.5	25.1	506.7	17.5	5,042.7	265.4	73.2
1982	17.5	5,801.9	2.5	5,821.8	158.2	26.7	22.4	505.6	20.3	5,088.6	265.1	70.1
1983	20.3	5,659.2	23.4	5,703.0	85.8	26.6	25.1	500.0	9.3	5,056.2	260.8	75.2
1984	9.3	5,708.2	32.0	5,749.5	58.2	27.8	17.6	529.7	11.1	5,105.1	260.9	80.9
1985 e	11.1	5,687.5	12.7	5,711.3	70.6	30.3	20.2	548.1	10.7	5,031.3	254.6	66.4
1986 f	10.7	5,731.4	10.6	5,752.7	95.0	24.4	19.6	565.5	10.0	5,038.1	252.6	67-70

* Cartoned Grade A large eggs in New York. e = estimated. f = forecast.

Information contact: Allen Baker (202) 786-1830.

Table 12.—U.S. milk supply and use[1]

Calendar year	Production	Farm use	Commercial: Farm marketings	Commercial: Beg. stocks	Imports	Total commercial supply	CCC net removals	Commercial: Ending stocks	Commercial: Disappearance	All milk price 2/
	Billion pounds									$/cwt
1980	128.4	2.4	126.1	5.4	2.1	133.6	8.8	5.8	119.0	13.05
1981	132.8	2.3	130.5	5.8	2.3	138.5	12.9	5.4	120.3	13.77
1982	135.5	2.4	133.1	5.4	2.5	141.0	14.3	4.6	122.1	13.61
1983	139.7	2.4	137.3	4.6	2.6	144.5	16.8	5.2	122.5	13.58
1984	135.4	2.9	132.5	5.2	2.7	140.5	8.6	4.9	126.9	13.46
1985 p	143.7	2.5	141.2	4.9	2.8	148.9	13.2	4.6	131.1	12.75
1986 f	145.2	2.3	142.8	4.6	2.9	150.3	10.7	4.8	134.8	12.40

1/ Milkfat basis. Totals may not add because of rounding. 2/ Delivered to plants and dealers; does not reflect deductions. p = preliminary. f = forecast.

Information contact: Jim Miller (202) 786-1830.

Table 13.—Poultry and eggs

	Annual			1985		1986				
	1983	1984	1985	May	Dec	Jan	Feb	Mar	Apr	May
Broilers										
Federally inspected slaughter, certified (mil. lb.)	12,389.0	12,998.6	13,569.2	1,221.5	1,094.1	1,211.4	1,087.0	1,114.5	1,240.9	n.a.
Wholesale price, 12-city, (cts./lb.)	50.4	55.6	50.8	50.9	48.7	51.7	49.0	50.3	50.0	54.6
Price of grower feed ($/ton)	223	233	197	196	186	191	189	—	189	n.a.
Broiler-feed price ratio (lb.) 1/	2.6	2.8	3.1	3.1	3.2	3.2	3.1	--	3.2	n.a.
Stocks beginning of period (mil. lb.)	22.3	21.2	19.7	26.2	27.6	26.6	26.6	25.2	23.8	22.3
Broiler-type chicks hatched (mil) 2/	4,447.0	4,593.9	4,803.8	424.0	416.5	409.4	376.0	432.7	423.9	438.5
Turkeys										
Federally inspected slaughter, certified (mil. lb.)	2,563	2,574	2,800	212.5	210.7	188.0	174.6	193.6	203.9	n.a.
Wholesale price, New York, 8-16 lb. young hens (cts./lb.)	60.5	74.4	75.5	55.7	86.9	60.2	61.7	66.0	64.6	59.2
Price of turkey grower feed ($/ton)	247	245	212	210	213	209	211	—	215	n.a.
Turkey-feed price ratio (lb.) 1/	3.0	3.8	4.4	3.7	5.5	3.4	3.5	--	3.5	n.a.
Stocks beginning of period (mil.lb.)	203.9	161.8	125.3	157.0	208.2	150.2	156.8	161.3	150.0	186.3
Poults placed in U.S. (mil.)	181.8	190.0	197.8	21.9	14.4	17.2	18.6	20.7	23.0	24.2
Eggs										
Farm production (mil.)	67,911	68,498	68,250	5,721	5,883	5,862	5,295	5,900	5,650	5,780
Average number of layers (mil.)	276	278	277	271	280	281	280	--	—	n.a.
Rate of lay (eggs per layer on farms)	247	245	247	21.1	21.0	20.9	18.9	--	--	n.a.
Cartoned price, New York, grade A large (cts./doz.) 3/	75.2	80.9	66.4	59.9	76.1	73.3	68.3	80.8	65.2	n.a.
Price of laying feed ($/ton)	204	206	182	183	179	181	179	—	177	n.a.
Egg-feed price ratio (lb.) 1/	6.2	6.8	6.3	5.5	7.4	7.2	6.9	—	6.5	n.a.
Stocks, first of month										
Shell (thou. cases)	34	13	31	26	28	24	28	21	20	32
Frozen (mil. lb.)	25.4	11.8	13.4	13.2	13.8	13.2	12.7	12.8	10.7	n.a.
Replacement chicks hatched (mil.)	407	459	407	39.0	34.6	34.4	34.7	39.7	42.7	42.7

1/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 2/ Placement of broiler chicks are currently reported for 12 states only; henceforth, hatch of broiler-type chicks will be used as a substitute. 3/ Price of cartoned eggs to volume buyers for delivery to retailers.

Information contact: Allen Baker (202) 786-1830.

Table 14.—Dairy

	Annual			1985		1986				
	1983	1984	1985	May	Dec	Jan	Feb	Mar	Apr	May
Milk prices, Minnesota-Wisconsin, 3.5% fat ($/cwt.) 1/	12.49	12.29	11.48	11.46	11.18	11.12	11.04	11.02	10.98	10.98
Price of 16% dairy ration ($/ton)	188	191	168	170	165	169	165	n.a.	164	n.a.
Milk-feed price ratio 2/	1.45	1.42	1.51	1.47	1.53	1.52	1.50	n.a.	1.46	n.a.
Wholesale prices										
Butter, Grade A Chi. (cts./lb.)	147.3	148.8	141.1	141.9	139.1	138.7	138.7	137.5	138.7	138.7
Am. cheese, Wis. assembly pt. (cts./lb.)	138.3	138.0	127.7	128.0	123.8	123.8	124.5	123.2	125.0	126.0
Nonfat dry milk, (cts./lb.) 3/	93.2	90.9	84.0	84.5	80.4	80.4	80.1	79.9	80.4	80.4
USDA net removals										
Total milk equiv. (mil. lb.) 4/	16,813.7	8,637.0	13,174.1	1,451.2	833.5	1,979.9	2,251.0	821.0	1,701.2	1,425.8
Butter (mil. lb.)	413.2	202.3	334.2	42.1	21.5	70.6	79.8	20.8	50.8	39.0
Am. cheese (mil. lb.)	832.8	447.3	629.0	58.3	39.1	52.5	60.5	39.3	65.6	62.4
Nonfat dry milk (mil. lb.)	1,061.0	678.4	940.6	94.5	75.1	86.1	100.0	65.6	105.5	99.9
Milk										
Total milk production (mil. lb.)	139,672	135,450	143,667	12,885	11,968	12,192	11,314	12,726 6/	12,688 6/	13,227
Milk per cow (lb.)	12,585	12,506	13,031	1,171	1,070	1,091	1,015	1,143	n.a.	n.a.
Number of milk cows (thou.)	11,098	10,833	11,025	11,005	11,183	11,163	11,140	11,130	n.a.	n.a.
Stocks, beginning 4/										
Total (mil. lb.)	20,054	22,646	16,429	15,023	13,692	13,464	13,355	13,887	14,751	15,650
Commercial (mil. lb.)	4,603	5,234	4,937	4,915	4,705	4,590	4,760	4,963	4,991	5,057
Government (mil. lb.)	15,451	17,412	11,492	10,046	8,987	8,874	8,595	8,925	9,759	10,593
Imports, total (mil. lb.) 4/	2,616	2,741	2,777	177	299	292	179	203	162	175
Commercial disappearance milk equiv. (mil. lb.)	122,474	126,912	131,150	11,006	11,352	10,137	8,861	11,883	10,893	11,582
Butter										
Production (mil. lb.)	1,299.2	1,103.3	1,247.8	112.9	115.4	135.8	119.4	120.2	121.7	116.0
Stocks, beginning (mil. lb.)	466.8	499.4	296.5	283.2	206.9	205.5	206.3	245.5	283.3	304.7
Commercial disappearance (mil. lb.)	881.7	902.7	918.2	62.4	94.5	60.7	31.8	101.2	74.3	73.8
American cheese										
Production (mil. lb.)	2,927.7	2,648.5	2,854.4	273.5	236.6	239.2	227.2	263.6	266.1	280.8
Stocks, beginning (mil. lb.)	981.4	1,161.5	960.5	857.2	866.6	850.2	838.8	810.8	822.3	858.0
Commercial disappearance (mil. lb.)	2,083.3	2,253.6	2,278.3	195.7	206.4	184.6	164.4	216.2	199.0	205.6
Other cheese										
Production (mil. lb.)	1,891.8	2,025.5	2,170.5	182.7	200.9	186.7	171.6	199.0	194.9	199.7
Stocks, beginning (mil. lb.)	82.8	104.9	101.4	106.8	95.0	94.1	93.8	89.3	112.1	95.6
Commercial disappearance (mil. lb.)	2,134.3	2,310.9	2,460.5	201.8	233.1	206.5	191.5	224.4	199.4	219.4
Nonfat dry milk										
Production (mil. lb.)	1,499.9	1,160.7	1,390.0	142.4	115.8	123.7	114.7	128.1	137.2	144.0
Stocks, beginning (mil. lb.)	1,282.0	1,405.2	1,247.6	1,090.2	1,042.7	1,011.1	981.4	947.0	988.0	965.7
Commercial disappearance (mil. lb.)	459.9	497.8	435.0	38.7	31.3	47.8	20.0	51.6	26.9	38.2
Frozen dessert production (mil. gal.) 5/	1,224.2	1,241.8	1,250.3	123.0	78.0	82.9	87.2	104.7	111.4	125.3

1/ Manufacturing grade milk. 2/ Pounds of 16% protein ration equal in value to 1 pound of milk. 3/ Prices paid f.o.b. Central States production area, high heat spray process. 4/ Milk-equivalent, fat-basis. 5/ Ice cream, ice milk, and hard sherbet. 6/ Estimated. n.a. = not available.

Information contact: Cliff Carman (202) 786-1830.

Table 15.—Wool

	Annual			1985		1986				
	1983	1984	1985	May	Dec	Jan	Feb	Mar	Apr	May
U.S. wool price, Boston 1/ (cts./lb.)	212	229	192	191	193	193	189	180	188	198
Imported wool price, Boston 2/ (cts./lb.)	248	241	197	190	193	204	202	205	210	216
U.S. mill consumption, scoured	126,729	128,982	106,051	8,989	8,870	12,627	11,126	10,770	13,491	10,909
Apparel wool (thou. lb.)	13,851	13,088	10,562	963	686	1,083	798	785	930	924
Carpet wool (thou. lb.)										

1/ Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2-3/4'' and up. 2/ Wool price delivered at U.S. mills, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents.

Information contact: John Lawler (202) 786-1840.

Table 16.—Meat animals

	Annual			1985		1986				
	1983	1984	1985	May	Dec	Jan	Feb	Mar	Apr	May
Cattle on feed (7-States)										
Number on feed (thou. head) 1/	8,316	8,006	8,635	7,495	7,892	7,860	7,624	7,262	7,263	7,077
Placed on feed (thou. head)	19,744	20,772	19,346	1,666	1,480	1,581	1,210	1,650	1,555	1,746
Marketings (thou. head)	18,701	18,785	18,989	1,589	1,401	1,740	1,470	1,563	1,621	1,615
Other disappearance (thou. head)	1,354	1,376	1,132	128	111	77	102	86	120	132
Beef steer-corn price ratio, Omaha (bu.)2/	20.6	21.6	23.3	21.5	26.7	25.6	24.4	24.0	22.9	22.8
Hog-corn price ratio, Omaha 2/	15.9	16.1	17.8	15.7	19.8	19.0	19.0	17.6	17.2	19.5
Market prices ($ per cwt.)										
Slaughter cattle:										
Choice steers, Omaha	62.37	65.34	58.37	57.58	62.94	59.69	56.42	55.55	53.68	55.79
Utility cows, Omaha	39.35	39.81	38.32	41.97	33.88	34.94	37.62	38.00	35.95	37.91
Choice vealers, S. St. Paul	72.97	63.95	58.28	60.00	45.94	45.00	52.50	55.00	55.00	55.83
Feeder cattle:										
Choice, Kansas City, 600-700 lb.	63.70	65.28	64.56	67.04	60.98	62.16	62.42	63.22	60.32	60.40
Slaughter hogs:										
Barrows & gilts, 7-markets	47.71	48.86	44.77	42.17	46.91	45.48	43.55	40.88	40.27	46.66
Feeder pigs:										
S. Mo. 40-50 lb. (per head)	34.03	39.12	37.20	39.39	28.65	30.96	37.26	41.33	37.98	39.97
Slaughter sheep & lambs:										
Lambs, Choice, San Angelo	57.40	62.18	68.61	73.32	59.33	65.81	67.50	70.96	74.22	72.16
Ewes, Good, San Angelo	16.85	20.90	34.02	30.10	36.67	34.69	31.88	33.12	32.00	33.94
Feeder lambs:										
Choice, San Angelo	54.87	61.02	85.91	65.50	84.67	77.90	75.12	74.19	79.98	84.22
Wholesale meat prices, Midwest										
Choice steer beef, 600-700 lb.	97.83	98.01	90.76	89.20	99.68	92.26	86.82	85.04	83.34	86.42
Canner & Cutter cow beef	78.48	74.70	74.13	77.22	67.08	69.71	72.92	72.12	68.76	71.39
Pork loins, 8-14 lb. 3/	--	96.36	91.51	79.90	90.00	95.43	91.75	88.12	89.31	102.53
Pork bellies, 12-14 lb.	60.58	60.08	59.50	58.83	51.73	61.27	51.50	50.80	49.45	61.82
Hams, skinned, 14-17 lb.	75.60	78.22	67.50	65.18	n.a.	64.44	63.00	61.12	58.20	64.89
Commercial slaughter (thou. head)*										
Cattle	36,649	37,582	36,293	3,174	2,924	3,330	2,715	2,839	3,215	3,235
Steers	17,486	17,474	16,912	1,553	1,293	1,515	1,270	1,339	1,542	1,506
Heifers	10,758	10,691	11,237	981	830	989	851	871	927	971
Cows	7,597	8,617	7,387	568	743	765	546	573	692	693
Bulls & stags	808	789	758	72	58	61	48	56	54	65
Calves	3,076	3,297	3,385	264	316	307	272	294	303	276
Sheep & lambs	6,619	6,759	6,165	509	505	518	452	540	492	431
Hogs	87,584	85,168	84,492	7,567	6,898	7,185	6,306	6,855	7,354	6,884
Commercial production (mil. lb.)										
Beef	23,060	23,418	23,557	2,089	1,853	2,139	1,769	1,861	2,111	2,109
Veal	428	479	499	42	46	46	40	43	45	43
Lamb & mutton	367	371	352	29	30	31	27	32	29	25
Pork	15,117	14,720	14,728	1,329	1,215	1,266	1,101	1,198	1,292	1,210

	Annual			1985				1986		
	1983	1984	1985	I	II	III	IV	I	II	III
Cattle on feed (13-States)										
Number on feed (thou. head) 1/	10,271	9,908	10,653	10,653	9,688	8,670	7,937	9,694	8,915	---
Placed on feed (thou. head)	23,776	24,917	23,326	5,315	5,206	5,480	7,325	5,260	---	---
Marketings (thou. head)	22,548	22,540	22,887	5,907	5,787	5,969	5,224	5,723	5/ 5,727	---
Other disappearance (thou. head)	1,591	1,632	1,398	373	437	244	344	316	---	---
Hogs & pigs (10-States) 4/										
Inventory (thou. head) 1/	44,150	42,420	41,100	42,420	39,680	41,650	41,820	41,100	38,600	38,045
Breeding (thou. head) 1/	5,638	5,348	5,258	5,348	5,220	5,397	5,377	5,258	4,988	4,840
Market (thou. head) 1/	38,512	37,072	35,842	37,072	34,460	36,253	36,443	35,842	33,612	33,205
Farrowings (thou. head)	9,735	9,020	9,020	1,935	2,420	2,191	2,265	1,940	2,161	5/ 2,021
Pig crop (thou. head)	72,733	67,680	67,648	14,690	18,762	16,941	17,255	14,880	16,878	---

1/ Beginning of period. 2/ Bushels of corn equal in value to 100 pounds live-weight. 3/ Beginning January 1984 prices are for 14-17 lbs.; January 1986 prices are for 14-18 lbs. 4/ Quarters are Dec. of preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV). 5/ Intentions. *Classes estimated. n.a. = not available.

Information contact: Ron Gustafson (202) 786-1830.

Table 17.—Supply and utilization[1,2]

	Area											Farm price 5/
	Set aside 3/	Planted	Harvested	Yield	Production	Total supply 4/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	
	Mil. acres			Bu/acre	Mil. bu							$/bu
Wheat												
1981/82	--	88.3	80.6	34.5	2,785	3,777	135	712	1,771	2,618	1,159	3.65
1982/83	5.8	86.2	77.9	35.5	2,765	3,932	195	713	1,509	2,417	1,515	3.55
1983/84	30.0	76.4	61.4	39.4	2,420	3,939	369	742	1,429	2,540	1,399	3.53
1984/85*	18.6	79.2	66.9	38.8	2,595	4,003	409	744	1,424	2,578	1,425	3.38
1985/86*	18.8	75.6	64.7	37.5	2,425	3,865	287	763	915	1,965	1,900	3.16
1986/87*	--	--	--	--	2,166	4,071	300	775	1,100	2,175	1,896	2.25-2.50
	Mil. acres			lb/acre	Mil. cwt (rough equiv.)							$/cwt
Rice												
1981/82	--	3.83	3.79	4,819	182.7	199.6	6/ 9.5	68.6	82.0	150.6	49.0	9.05
1982/83	0.42	3.30	3.26	4,710	153.6	203.4	6/ 8.9	54.0	68.9	131.8	71.5	8.11
1983/84	1.74	2.19	2.17	4,598	99.7	171.9	6/ 5.6	49.1	70.3	125.0	46.9	8.76
1984/85*	.79	2.83	2.80	4,954	138.8	187.2	6/ 8.0	52.4	62.1	122.5	64.7	8.06
1985/86*	1.16	2.52	2.50	5,437	136.0	202.7	6/ 6.0	54.0	55.0	115.0	87.7	7.75
1986/87*	--	--	--	--	134.5	224.2	6/ 6.0	56.0	80.0	142.0	82.2	6.75-7.75
	Mil. acres			Bu/acre	Mil. bu							$/bu
Corn												
1981/82	--	84.1	74.5	108.9	8,119	9,512	4,169	796	2,010	6,975	2,537	2.50
1982/83	2.1	81.9	72.7	113.2	8,235	10,772	4,521	894	1,834	7,249	3,523	2.68
1983/84	32.2	60.2	51.5	81.1	4,175	7,700	3,818	975	1,901	6,694	1,006	3.25
1984/85*	3.9	80.5	71.9	106.7	7,674	8,684	4,116	1,055	1,865	7,036	1,648	2.62
1985/86*	5.4	83.3	75.1	118.0	8,865	10,518	4,150	1,130	1,225	6,505	4,013	2.35
1986/87*	--	76.6	69.4	--	7,575	11,562	4,200	1,150	1,625	6,975	5,024	1.75-2.00
	Mil. acres			Bu/acre	Mil. bu							$/bu
Sorghum												
1981/82	--	15.9	13.7	64.0	876	1,006	417	10	260	687	319	2.38
1982/83	0.7	16.0	14.1	59.1	835	1,154	495	10	210	715	439	2.52
1983/84	5.7	11.9	10.0	48.7	488	927	385	10	245	640	287	2.84
1984/85*	.6	17.3	15.4	56.4	866	1,154	539	18	297	854	300	2.39
1985/86*	.9	18.3	16.7	66.7	1,113	1,413	650	30	175	855	558	2.15
1986/87*	--	15.0	13.7	--	850	1,408	575	30	240	845	563	1.65-1.90
	Mil. acres			Bu/acre	Mil. bu							$/bu
Barley												
1981/82	--	9.6	9.0	52.4	474	621	198	175	100	473	148	2.44
1982/83	0.4	9.5	9.0	57.2	516	675	241	170	47	458	217	2.22
1983/84	1.1	10.4	9.7	52.3	509	733	282	170	92	544	189	2.50
1984/85*	.5	12.0	11.2	53.4	599	799	304	170	77	551	247	2.26
1985/86*	.7	13.1	11.6	51.0	589	846	332	167	22	521	325	2.00
1986/87*	--	13.2	12.5	--	660	990	300	175	45	520	470	1.50-1.75
	Mil. acres			Bu/acre	Mil. bu							$/bu
Oats												
1981/82	--	13.6	9.4	54.2	510	689	453	77	7	537	152	1.89
1982/83	0.1	14.0	10.3	57.8	593	749	441	85	3	529	220	1.49
1983/84	.3	20.3	9.1	52.6	477	727	466	78	2	546	181	1.67
1984/85*	.1	12.4	8.2	58.0	474	689	433	74	1	509	180	1.69
1985/86*	.1	13.3	8.1	63.6	519	726	458	83	2	543	183	1.25
1986/87*	--	14.8	7.5	--	530	738	450	85	2	537	201	1.00-1.25
	Mil. acres			Bu/acre	Mil. bu							$/bu
Soybeans												
1981/82	--	67.5	66.2	30.1	1,989	2,302	7/ 89	1,030	929	2,048	254	6.04
1982/83	--	70.9	69.4	31.5	2,190	2,444	7/ 86	1,108	905	2,099	345	5.69
1983/84	--	63.8	62.5	26.2	1,636	1,981	7/ 79	983	743	1,805	176	7.81
1984/85*	--	67.8	66.1	28.1	1,861	2,037	7/ 93	1,030	598	1,721	316	5.78
1985/86*	--	63.1	61.6	34.1	2,099	2,415	7/ 85	1,055	760	1,900	515	5.10
1986/87*	--	--	--	--	1,900	2,415	7/ 85	1,055	760	1,900	515	4.70-5.10
					Mil. lbs							8/ ¢/lb
Soybean oil												
1981/82	--	--	--	--	10,979	12,715	--	9,536	2,077	11,612	1,103	19.0
1982/83	--	--	--	--	12,041	13,144	--	9,858	2,025	11,883	1,261	20.6
1983/84	--	--	--	--	10,872	12,133	--	9,588	1,824	11,412	721	30.6
1984/85*	--	--	--	--	11,468	12,209	--	9,917	1,660	11,569	632	29.5
1985/86*	--	--	--	--	11,663	12,305	--	9,850	1,250	11,100	1,205	18.5
1986/87*	--	--	--	--	11,605	12,810	--	10,100	1,200	11,300	1,510	13.5-18.5
					Thou. tons							9/ $/ton
Soybean meal												
1981/82	--	--	--	--	24,634	24,797	--	17,714	6,908	24,622	175	183
1982/83	--	--	--	--	26,714	26,889	--	19,306	7,109	26,415	474	187
1983/84	--	--	--	--	22,756	23,230	--	17,615	5,360	22,977	255	188
1984/85*	--	--	--	--	24,529	24,784	--	19,480	4,917	24,397	387	125
1985/86*	--	--	--	--	25,013	25,400	--	18,850	6,200	25,050	350	150
1986/87*	--	--	--	--	24,900	25,250	--	19,200	5,700	24,900	350	130-155

See footnotes at end of table.

Table 17.— Supply and utilization, continued

	Area											
	Set aside 3/	Planted	Harvested	Yield	Production	Total supply 4/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 5/
	Mil. acres			lb/acre	Mil. bales							¢/lb
Cotton 10/												
1981/82	—	14.3	13.8	542	15.6	18.3	—	5.3	6.6	11.8	6.6	54.0
1982/83	1.6	11.3	9.7	590	12.0	18.6	—	5.5	5.2	10.7	7.9	59.1
1983/84	6.8	7.9	7.3	508	7.8	15.7	—	5.9	6.8	12.7	2.8	66.4
1984/85*	2.5	11.1	10.4	600	13.0	15.8	—	5.5	6.2	11.8	4.1	58.7
1985/86*	3.6	10.7	10.2	630	13.4	17.6	—	6.3	2.0	8.3	9.4	—
1986/87*	--	--	--	--	10.7	20.1	—	6.8	6.0	12.8	7.4	—

*July 11, 1986 Supply and Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, and oats, August 1 for cotton and rice, September 1 for soybeans, corn, and sorghum. October 1 for soymeal, and soyoil. 2/ Conversion factors: Hectare (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9296 bushels of barley, 68.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 480-pound bales of cotton. 3/ Includes diversion, PIK, and acreage reduction programs. 4/ Includes imports. 5/ Season average. 6/ Statistical discrepancy. 7/ Includes seed. 8/ Average of crude soybean oil, Decatur. 9/ Average of 44 percent, Decatur. 10/ Upland and extra long staple. Stock estimates based on Census Bureau data which results in an unaccounted difference between supply and use estimates and changes in ending stocks.

Information contact: Sam Evans (202) 786-1840.

Table 18.—Food grains

	Marketing year 1/			1985		1986				
	1982/83	1983/84	1984/85	May	Dec	Jan	Feb	Mar	Apr	May
Wholesale prices										
Wheat, No. 1 HRW, Kansas City ($/bu.) 2/	3.94	3.83	3.74	3.42	3.42	3.32	3.30	3.36	3.45	3.40
Wheat, DNS, Minneapolis ($/bu.) 2/	3.95	4.21	3.70	3.55	3.45	3.38	3.32	3.33	3.42	3.05
Rice, S.W. La. ($/cwt.) 3/	18.00	19.38	17.98	18.00	17.50	17.50	17.50	17.50	15.50	12.67
Wheat										
Exports (mil. bu.)	1,509	1,429	1,424	63	72	75	78	74	65	51
Mill grind (mil. bu.)	656	694	676	58	56	61	60	55	58	n.a.
Wheat flour production (mil. cwt.)	292	308	301	26	25	27	27	25	26	n.a.
Rice										
Exports (mil. cwt, rough equiv.)	68.9	69.1	62.1	5.03	4.22	4.05	2.60	3.46	2.97	5.74

	Marketing year 1/			1984	1985				1986	
	1982/83	1983/84	1984/85	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May
Wheat										
Stocks, beginning (mil. bu.)	1,159	1,515	1,399	2,743	2,141	1,667	1,425.2	2,971.1	2,526.1	2,130.0
Domestic use:										
Food (mil. bu.)	616	643	650	167	165	105.5	223.7	176.8	166.9	107.6
Feed & seed (mil. bu.) 4/	318	469	504	59	44	0	334.7	24.9	4.9	9.8
Exports (mil. bu.)	1,509	1,429	1,424	374	266	139.1	326.6	247.3	226.1	115.3

1/ Beginning June 1 for wheat and August 1 for rice. 2/ Ordinary protein. 3/ Long-grain, milled basis. 4/ Feed use approximated by residual. n.a. = not available.

Information contacts: Allen Schienbein and Janet Livezey (202) 786-1840; Scott Reynolds (202) 786-1693.

Table 19.—Cotton

	Marketing year 1/			1985		1986				
	1982/83	1983/84	1984/85	May	Dec	Jan	Feb	Mar	Apr	May
U.S. price, SLM, 1-1/16 in. (cts/lb.) 2/	63.1	73.1	60.5	60.1	56.3	58.4	59.8	61.7	62.6	63.9
Northern Europe prices:										
Index (cts./lb.) 3/	76.7	87.6	69.2	65.1	51.8	51.8	54.5	52.3	48.5	45.4
U.S. M 1-3/32" (cts./lb.) 4/	78.0	87.1	73.9	74.8	69.1	69.1	70.1	71.7	72.9	73.5
U.S. mill consumption (thou. bales)	5,512.8	5,883.5	5,517.3	459.8	509.4	623.8	522.5	515.9	665.0	518.7
Exports (thou. bales)	5,206.8	6,786.0	6,201.3	453.0	196.0	186.0	192.9	188.0	173.0	81.0
Stocks, beginning (thou. bales)	6,632	7,937	2,775	6,548	11,610	13,278	13,126	12,447	11,717	10,972

1/ Beginning August 1. 2/ Average spot market. 3/ Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths. 4/ Memphis territory growths.

Information contact: Ed Glade (202) 786-1840.

Table 20.—Feed grains

	Marketing year 1/			1985		1986				
	1982/83	1983/84	1984/85	May	Dec	Jan	Feb	Mar	Apr	May
Wholesale prices										
Corn, No. 2 yellow, Chicago ($/bu.)	2.81	3.46	2.79	2.85	2.50	2.51	2.49	2.45	2.46	2.55
Sorghum, No. 2 yellow, Kansas City ($/cwt.)	4.80	5.22	4.46	4.74	3.97	3.95	3.80	3.82	4.00	4.25
Barley, feed, Minneapolis ($/bu.)	1.76	2.48	2.09	2.05	1.60	1.57	---	---	---	1.31
Barley, malting, Minneapolis ($/bu.)	2.53	2.84	2.55	2.55	2.29	2.28	2.20	2.34	2.40	2.07
Exports										
Corn (mil. bu.)	1,834	1,902	1,865	138	179	166	121	98	58	48
Feed grains (mil. metric tons) 2/	53.0	56.5	56.6	4.0	4.8	4.7	3.4	2.7	1.7	1.5

	Marketing year 1/			1984	1985				1986	
	1982/83	1983/84	1984/85	Sept-Nov	Dec-Feb	Mar-May	June-Aug	Sept-Nov	Dec-Feb	Mar-May
Corn										
Stocks, beginning (mil. bu.)	2,537	3,523	1,006	1,006	6,631	4,623	2,836	1,648	8,615	6,587
Domestic use:	4,521	3,818	4,116	1,294	1,183	1,026	612	1,210	1,305	1,094
Feed (mil. bu.)	898	973	1,065	250	242	283	280	272	259	302
Food, seed, ind. (mil. bu.)	1,834	1,902	1,865	506	584	479	296	418	465	204
Exports (mil. bu.)	7,249	6,694	7,036	2,050	2,008	1,789	1,188	1,900	2,029	1,601
Total use (mil. bu.)										

1/ September 1 for corn and sorghum; June 1 for oats and barley. 2/ Aggregated data for corn, sorghum, oats, and barley.

Information contacts: Dave Hull (202) 786-1840; Jim Cole (202) 786-1693.

Table 21.—Fats and oils

	Marketing year 1/			1985		1986				
	1982/83	1983/84	1984/85	May	Dec	Jan	Feb	Mar	Apr	May
Soybeans										
Wholesale price, No. 1 yellow, Chicago ($/bu.) 2/	6.11	7.78	5.88	5.76	5.21	5.36	5.29	5.37	5.29	5.34
Crushings (mil. bu.)	1,108.0	983	1,030.5	89.3	100.8	99.6	81.4	91.6	84.4	86.2
Exports (mil. bu.)	905.2	740.3	600.7	33.1	94.1	84.7	92.1	88.7	80.4	57.2
Stocks, beginning	30.6	58.6	35.3	65.1	113.5	119.8	124.6	97.4	84.9	67.6
Soybean oil										
Wholesale price, crude, Decatur (cts./lb.)	20.6	30.55	29.50	32.49	21.39	20.63	18.64	17.56	17.65	17.79
Production (mil. lb.)	12,040.4	10,872.0	10,614.5	983.3	1,099.7	1,085.8	894.9	1,005.4	935.4	953.1
Domestic disap. (mil. lb.)	9,857.3	9,598	9,777.9	890.0	862.4	807.2	780.4	847.0	838.7	822.9
Exports (mil. lb.)	2,024.7	1,814	1,557.1	52.4	74.3	80.6	100.7	92.8	124.0	50.6
Stocks, beginning (mil. lb.)	1,102.5	1,261	720.5	665.9	810.4	969.4	1,167.4	1,181.1	1,246.6	1,219.3
Soybean meal										
Wholesale price, 44% protein, Decatur ($/ton)	187.19	188.21	117.08	111.50	145.00	153.25	152.25	163.70	157.00	157.90
Production (thou. ton)	26,713.6	22,756.2	22,729.1	2,100.9	2,379.9	2,343.8	1,925.2	2,159.7	2,008.4	2,058.3
Domestic disap. (thou. ton)	19,306.0	17,541.0	18,479.7	1,703.6	1,752.2	1,739.5	1,397.2	1,405.1	1,486.5	1,698.5
Exports (thou. ton)	7,108.7	5,436.1	4,504.8	331.3	638.5	590.3	619.1	649.3	607.7	378.1
Stocks, beginning (thou. ton)	175.2	474	255.4	429.8	369.2	358.4	372.4	281.3	386.6	300.8
Margarine, wholesale price, Chicago (cts/lb.)	41.1	46.3	55.4	55.50	43.55	43.99	42.66	41.53	41.75	41.88

1/ Beginning September 1 for soybeans; October 1 for soymeal and oil; calendar year for margarine. 2/ Beginning April 1, 1982, prices based on 30-day delivery, using upper end of the range.

Information contacts: Roger Hoskin (202) 786-1840; Jan Lipson (202) 786-1693.

Table 22.—Fruit

	Calendar years											
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 F
Citrus												
Production (thou. ton)	14,586	14,788	15,242	14,255	13,329	16,484	15,105	12,057	13,608	10,789	10,460 5/	11,057
Per capita consumption (lbs) 1/	126.2	123.6	119.9	113.0	113.7	119.1	112.1	112.9	127.5	104.9	n.a.	n.a.
Non citrus												
Production (thou. tons)	12,384	11,846	12,274	12,460	13,689	15,152.8	12,961	14,217	14,154	14,290	14,180	n.a.
Per capita consumption (lbs) 1/	102.6	99.2	100.3	101.4	105.9	106.2	109.6 6/	103.8 7/	93.6 8/	93.6	n.a.	n.a.

	1985							1986				
	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fob shipping point prices												
Apples ($/carton) 2/	16.25	15.63	14.13	16.17	14.50	14.30	14.00	13.60	15.00	14.85	15.62	18.10
Pears ($/box) 3/	23.50	n.a.	n.a.	n.a.	14.00	14.00	14.00	14.00	15.59	15.50	n.a.	24.18
Oranges ($/box) 4/	16.50	15.90	15.80	13.90	13.70	14.50	15.30	14.10	13.20	12.60	12.20	12.30
Grapefruit ($/box) 4/	14.80	15.10	14.50	14.44	11.30	10.70	11.20	11.20	11.10	11.60	12.10	12.50
Stocks, ending												
Fresh apples (mil. lbs.)	291.2	132.4	34.4	1,712.2	3,668.3	3,342.5	2,724.7	2,125.2	1,550.2	1,039.3	612.6	485.1
Fresh pears (mil. lbs.)	1.5	5.1	92.5	398.7	298.9	222.2	183.2	142.9	101.3	71.6	35.5	10.3
Frozen fruits (mil. lbs.)	527.4	707.0	733.8	760.1	819.9	788.9	720.7	656.5	597.1	544.6	496.9	442.2
Frozen orange juice (mil. lbs.)	1,063.7	1,036.1	912.4	883.8	778.8	656.0	684.4	888.4	966.8	911.5	1,031.6	1,229.5

1/ Per capita consumption of both fresh and processed fruit in fresh weight equivalent. 2/ Red Delicious, Washington, extra fancy, carton tray pack, 80-113's. 3/ D'Anjou, Washington, standard box wrapped, U.S. No. 1, 90-135's. 4/ F.O.B. packed fresh. 5/ As of July 1, 1986. 6/ Excludes canned pineapples and pineapple juice. 7/ Excludes canned pineapple, canned apple, and pineapple juice. 8/ Excludes canned apples, cranberries, pineapples, and canned apple and pineapple juice. n.a. = not available. F = forecast.

Information contact: Ben Huang (202) 786-1767.

Table 23.—Vegetables

	Calendar years									
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Production										
Total vegetables (1,000 cwt) 1/	369,915	402,936	382,165	413,925	381,370	379,125	431,515	403,320	443,131	391,290
Fresh (1,000 cwt) 1/ 2/	173,800	176,541	182,563	190,859	190,228	194,694	207,924	197,919	215,236	209,722
Processed (tons) 3/	9,808,750	11,319,750	9,980,100	11,153,300	9,557,100	9,221,460	11,179,590	10,270,050	11,394,780	9,078,430
Mushrooms (1,000 lbs)	151,247	191,080	229,538	255,846	275,052	319,132	337,234	388,075	419,913	n.a.
Potatoes (1,000 cwt)	357,666	355,334	366,314	342,447	302,857	338,591	355,131	333,911	362,612	404,131
Sweetpotatoes (1,000 cwt)	13,275	11,885	13,115	13,370	10,955	12,799	14,653	12,083	12,986	14,416
Dry edible beans (1,000 cwt)	9,364	7,880	9,840	10,383	14,658	19,486	12,670	7,781	11,617	11,207

	1985							1986				
	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Shipments													
Fresh (1,000 cwt) 4/	32,205	29,244	25,974	16,414	15,002	18,318	14,708	14,021	22,189	16,643	17,454	19,210	32,927
Potatoes (1,000 cwt)	15,225	10,166	8,898	7,474	7,850	10,067	9,646	10,147	12,965	10,726	11,953	13,604	16,057
Sweetpotatoes (1,000 cwt)	210	135	115	109	332	492	817	504	352	313	413	227	250

1/ 1983 data are not comparable with 1984 and 1985. 2/ Estimate reinstated for asparagus with the 1984 crop, all other years also include broccoli, carrots, cauliflower, celery, sweet corn, lettuce, honeydews, onions, and tomatoes. 3/ Estimates reinstated for cucumbers with the 1984 crop, all other years also include snap beans, sweet corn, green peas, and tomatoes. 4/ Includes snap beans, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, lettuce, onions, bell peppers, squash, tomatoes, cantaloupes, honeydews, and watermelons. n.a. = not available.

Information contact: Shannon Hamm (202) 786-1767.

Table 24.—Other commodities

	Annual					1985			1986	
	1982	1983	1984	1985	1986 F	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June
Sugar										
Production 1/	5,936	5,682	5,890	5,969	6,145	727	683	2,992	1,671	—
Deliveries 1/	9,153	8,812	8,454	8,035	8,118	1,972	2,150	2,004	1,892	—
Stocks, ending 1/	3,068	2,570	3,005	3,126	2,475	2,686	1,745	3,126	3,387	—
Coffee										
Composite green price N.Y. (cts./lb.)	132.00	131.51	142.95	137.46	210.00	134.69	124.83	152.81	215.33	190.79
Imports, green bean equiv. (million lbs.) 2/	2,352	2,259	2,411	2,550	2,450	606	659	612	786	650 F

	Annual			1985				1986		
	1983	1984	1985	Mar	Oct	Nov	Dec	Jan	Feb	Mar
Tobacco										
Prices at auctions 3/										
Flue-cured (cts./lb.)	1.78	1.81	1.72	—	1.80	1.66	—	—	—	—
Burley (cts./lb.)	1.77	1.88	—	—	—	—	1.60	1.60	1.58	1.48
Domestic consumption 4/										
Cigarettes (bil.)	600.0	600.4	592.0	54.8	70.6	49.9	48.0	35.3	43.2	51.5
Large cigars (mil.)	3,605	3,491	3,185	248.4	292.8	273.9	238.1	225.6	198.9	227.3

1/ 1,000 short tons, raw value. Quarterly data shown at end of each quarter. 2/ Green and processed coffee. 3/ Crop year July-June for flue-cured, October-September for burley. 4/ Taxable removals. F = forecast.

Information contacts: (sugar) Dave Harvey (202) 786-1769; (coffee) Fred Gray (202) 786-1769; (tobacco) Verner Grise (202) 786-1840.

Table 25.—World supply and utilization of major crops, livestock and products

	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85 E	1985/86 P
				Mil. units			
Wheat							
Area (hectare)	227.6	236.9	238.7	237.5	229.1	231.3	229.4
Production (metric ton)	422.8	442.9	448.4	479.1	490.9	515.6	502.4
Exports (metric ton) 1/	86.0	94.1	101.3	98.7	102.0	106.9	85.5
Consumption (metric ton) 2/	443.5	445.7	441.5	467.9	486.4	500.2	494.4
Ending stocks (metric ton) 3/	80.4	78.2	85.0	96.3	100.9	116.4	124.4
Coarse grains							
Area (hectare)	341.1	342.4	350.2	339.2	334.2	339.7	343.1
Production (metric ton)	741.5	732.9	769.8	778.2	684.5	809.3	843.1
Exports (metric ton) 1/	98.8	108.0	96.6	89.9	91.9	101.0	83.0
Consumption (metric ton) 2/	740.3	743.0	739.8	751.1	759.9	780.1	775.1
Ending stocks (metric ton) 3/	91.6	82.8	112.9	149.8	74.5	103.7	171.8
Rice, milled							
Area (hectare)	143.1	144.4	145.1	141.2	144.3	144.0	142.6
Production (metric ton)	253.9	271.0	280.6	285.7	308.0	318.3	316.3
Exports (metric ton) 4/	12.7	13.1	11.8	11.9	12.6	11.5	12.3
Consumption (metric ton) 2/	257.8	272.3	281.5	289.6	308.1	313.8	314.0
Ending stocks (metric ton) 3/	23.4	22.1	21.3	17.3	17.2	21.7	24.0
Total grains							
Area (hectare)	711.8	723.8	734.0	717.9	707.6	715.0	715.1
Production (metric ton)	1,418.2	1,446.8	1,498.8	1,543.0	1,483.4	1,643.2	1,661.8
Exports (metric ton) 1/	197.5	215.2	209.7	200.5	206.5	219.4	180.8
Consumption (metric ton) 2/	1,441.9	1,461.0	1,462.8	1,508.6	1,554.4	1,594.1	1,583.5
Ending stocks (metric ton) 3/	195.4	183.2	219.2	263.4	192.6	241.8	320.2
Oilseeds							
Crush (metric ton)	134.9	132.9	138.3	143.5	136.9	150.5	153.5
Production (metric ton)	170.1	155.8	169.4	178.1	165.4	189.9	194.2
Exports (metric ton)	35.9	32.1	35.8	35.1	32.9	32.8	34.4
Ending stocks (metric ton)	19.4	20.5	18.9	20.6	15.9	20.8	25.9
Meals							
Production (metric ton)	92.9	90.8	94.1	98.0	93.0	101.6	103.7
Exports (metric ton)	26.5	25.9	28.9	31.6	29.6	32.5	32.9
Oils							
Production (metric ton)	39.7	40.0	41.6	43.4	42.5	46.3	49.0
Exports (metric ton)	12.8	12.5	13.3	14.0	13.7	15.5	16.5
Cotton							
Area (hectare)	32.2	32.4	33.2	31.9	31.4	34.2	32.2
Production (bale)	65.2	64.8	70.8	67.5	67.7	86.9	78.1
Exports (bale)	23.1	19.7	20.2	19.4	19.2	20.3	19.3
Consumption (bale)	65.3	65.9	65.5	68.0	69.0	69.9	73.4
Ending stocks (bale)	24.0	24.1	25.4	25.0	25.0	41.7	47.3
	1980	1981	1982	1983	1984	1985	1986 F
Red meat							
Production (mil. metric tons)	93.3	93.6	93.9	96.5	98.2	101.2	101.4
Consumption (mil. metric tons)	92.0	91.8	92.2	94.5	96.0	99.3	99.6
Exports (mil. metric tons) 1/	5.5	5.7	5.8	5.9	5.9	6.3	6.5
Poultry							
Production (mil. metric tons)	21.3	22.4	23.0	23.5	24.3	25.3	26.1
Consumption (mil. metric tons)	21.1	22.1	22.7	23.4	24.0	24.9	25.7
Exports (mil. metric tons) 1/	1.1	1.5	1.4	1.3	1.2	1.1	1.1
Dairy							
Milk production	391.1	389.7	397.9	413.1	413.1	417.4	420.9

E = Estimated. P = Projected. F = Forecast. 1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1980 data correspond with 1979/80, etc.

Information contact: Frederick Surls (202) 786-1693.

Table 26.—Prices of principal U.S. agricultural trade products

	Annual			1985		1986				
	1983	1984	1985	May	Dec	Jan	Feb	Mar	Apr	May
Export commodities										
Wheat, f.o.b. vessel, Gulf ports ($/bu.)	4.30	4.17	3.73	3.77	3.77	3.63	3.57	3.71	3.76	3.49
Corn, f.o.b. vessel, Gulf ports ($/bu.)	3.49	3.50	2.89	3.00	2.81	2.75	2.67	2.57	2.59	2.70
Grain sorghum, f.o.b. vessel, Gulf ports ($/bu.)	3.34	3.00	2.64	2.90	2.56	2.51	2.46	2.42	2.56	2.71
Soybeans, f.o.b. vessel, Gulf ports ($/bu.)	7.31	7.38	5.83	6.03	5.56	5.72	5.63	5.65	5.57	5.59
Soybean oil, Decatur (cts./lb.)	23.51	30.75	27.03	32.41	21.26	20.27	18.34	17.41	17.64	17.72
Soybean meal, Decatur ($/ton)	200.91	166.80	127.15	111.98	145.95	152.55	153.28	163.19	156.72	157.60
Cotton, 8 market avg. spot (cts./lb.)	68.68	68.37	58.55	60.11	56.25	58.39	59.81	61.75	62.62	63.95
Tobacco, avg. price at auction (cts./lb.)	173.96	170.66	174.35	175.84	163.65	163.65	162.27	159.39	158.59	158.01
Rice, f.o.b. mill, Houston ($/cwt.)	19.39	19.47	18.57	18.75	18.25	17.88	17.50	17.31	17.25	13.75
Inedible tallow, Chicago (cts./lb.)	13.41	17.47	14.33	16.19	11.38	12.00	11.81	9.38	8.94	8.72
Import commodities										
Coffee, N.Y. spot ($/lb.)	1.33	1.46	1.42	1.38	1.75	2.41	2.26	2.35	2.28	2.18
Rubber, N.Y. spot (cts./lb.)	56.19	49.70	41.91	40.93	40.28	40.74	42.76	41.98	39.18	40.10
Cocoa beans, N.Y. ($/lb.)	.92	1.06	.99	.96	1.02	1.01	.86	.91	.85	.81

Information contact: Frederick Surls (202) 786-1693.

Table 27.—Indexes of nominal and real trade-weighted dollar exchange rates

	1985						1986					
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
						1980=100						
Total U.S. trade												
Nominal	149	146	148	140	137	136	134	129	126	125	123	124
Real	150	148	149	141	138	137	135	130	127	126	124	125
						April 1971=100						
Agricultural trade												
Nominal 1/	2,217	2,392	2,583	2,830	3,083	3,183	3,544	4,093	4,495	4,500	4,511	4,498
Real 2/	103	102	103	99	99	91	90*	88*	86*	85*	83*	83*
Soybeans												
Nominal 1/	203	201	210	210	229	114	112	107	105	105	103	103
Real 2/	99	97	98	92	91	84	82*	79*	76*	76*	74*	74*
Wheat												
Nominal 1/	11,996	13,008	14,116	15,607	17,029	18,368	20,580	23,953	26,425	26,457	26,533	26,449
Real 2/	111	110	111	109	109	103	102*	102*	101*	98*	96*	94*
Corn												
Nominal 1/	2,067	2,227	2,403	2,627	2,865	2,903	3,227	3,720	4,081	4,086	4,095	4,083
Real 2/	102	100	101	97	96	86	85*	81*	79*	78*	76*	75*
Cotton												
Nominal 1/	213	213	215	213	215	216	216	214	228	227	226	233
Real 2/	100	100	100	98	97	97	97*	95*	94*	93*	92*	92*

1/ Nominal values are percentage changes in currency units per dollar, weighted by proportion of agricultural exports from the United States. An increase indicates that the dollar has appreciated. 2/ Real values are computed in the same way as the nominal series, adjusted for CPI changes in the countries involved.

*Preliminary; assumes the same rate of CPI increase/decrease as the previous six months.

Information contact: Ed Wilson (202) 786-1688.

Table 28.—Trade balance

	Fiscal years*								Oct-May	May
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1986
						$ Million				
Exports										
Agricultural	27,289	31,979	40,481	43,780	39,095	34,769	38,027	31,187	19,135	1,860
Nonagricultural	104,270	135,839	169,846	185,423	176,310	159,373	170,014	179,253	117,774	14,831
Total 1/	131,559	167,818	210,327	229,203	215,405	194,142	208,041	210,440	136,909	16,691
Imports										
Agricultural	13,886	16,186	17,276	17,218	15,481	16,271	18,916	19,740	14,276	2,006
Nonagricultural	152,095	177,424	223,590	237,469	233,353	230,629	297,736	313,863	225,521	28,068
Total 2/	165,981	193,610	240,866	254,687	248,834	246,900	316,652	333,603	239,797	30,074
Trade balance										
Agricultural	13,403	15,793	23,205	26,562	23,614	18,498	19,111	11,447	4,859	-146
Nonagricultural	-47,825	-41,585	-53,744	-52,046	-57,043	-71,256	-127,722	-134,610	-107,747	-13,237
Total	-34,422	-25,792	-30,539	-25,484	-33,429	-52,758	-108,611	-123,163	-102,888	-13,383

*Fiscal years begin October 1 and end September 30. Fiscal year 1985 began Oct. 1, 1984 and ended Sept. 30, 1985.
1/ Domestic exports including Department of Defense shipments (F.A.S. value). 2/ Imports for consumption (customs value).

Information contact: Steve MacDonald (202) 786-1621.

Table 29.—U.S. agricultural exports and imports

	Fiscal years*			Oct-May*	May	Fiscal years*			Oct-May*	May
	1983	1984	1985	1986	1986	1983	1984	1985	1986	1986
	Thousand units					$ Million				
Exports										
Animals, live (no.)	763	754	996	385	65	264	276	255	232	14
Meats & preps., excl. poultry (mt)	412	422	427	291	38	926	929	906	662	90
Dairy products (mt)	339	418	422	320	43	349	393	413	282	47
Poultry meats (mt)	250	225	234	174	25	281	280	257	184	25
Fats, oils, & greases (mt)	1,443	1,395	1,217	960	153	593	703	608	360	50
Hides & skins incl. furskins	---	---	---	--	--	997	1,318	1,325	992	145
Cattle hides, whole (no.)	21,989	24,283	25,456	17,283	2,660	709	1,010	1,019	752	121
Mink pelts (no.)	2,446	2,551	2,222	2,184	269	62	67	60	54	6
Grains & feeds (mt)	102,016	108,194	93,829	50,806	3,697	15,050	17,304	13,270	6,622	516
Wheat (mt)	36,701	41,699	28,522	14,725	1,263	5,910	6,497	4,263	2,034	177
Wheat flour (mt)	1,529	1,071	766	675	47	256	234	164	130	10
Rice (mt)	2,276	2,293	1,972	994	101	874	897	67	360	31
Feed grains, excl.products (mt)	53,481	55,285	54,931	28,280	1,480	6,496	8,129	6,775	3,037	159
Feeds & fodders (mt)	7,171	7,021	6,543	5,427	709	1,193	1,216	1,005	832	109
Other grain products (mt)	859	825	1,095	705	97	321	331	385	230	29
Fruits, nuts, and preps. (mt)	2,120	1,931	1,907	1,370	176	1,660	1,594	1,687	1,191	144
Fruit juices incl. froz. (hl)	5,803	5,598	4,641	2,445	307	222	223	200	101	13
Vegetables & preps. (mt)	1,578	1,527	1,420	1,034	145	990	999	946	703	95
Tobacco, unmanufactured (mt)	245	227	257	185	13	1,487	1,43[illegible]	1,588	1,089	79
Cotton, excl. linters (mt)	1,136	1,481	1,277	320	18	1,683	2,395	1,945	495	28
Seeds (mt)	275	252	300	199	19	333	326	353	286	21
Sugar, cane or beet (mt)	141	285	355	224	29	38	74	65	41	6
Oilseeds & products (mt)	34,322	26,961	23,806	22,550	2,063	8,721	8,602	6,195	5,067	470
Oilseeds (mt)	26,039	20,466	17,886	17,560	1,627	6,332	6,254	4,324	3,728	348
Soybeans (mt)	24,522	19,265	16,620	17,208	1,558	5,866	5,734	3,876	3,577	325
Protein meal (mt)	6,688	5,060	4,609	4,161	348	1,486	1,217	854	828	71
Vegetable oils (mt)	1,596	1,435	1,311	830	88	902	1,131	1,018	511	51
Essential oils (mt)	10	11	12	5	1	88	96	105	73	9
Other	---	---	---	--	--	345	310	319	753	107
Total	---	---	---	--	--	34,769	38,027	31,187	19,135	1,860
Imports										
Animals, live (no.)	1,553	1,907	2,120	1,384	161	555	596	569	457	34
Meats & preps., excl. poultry (mt)	938	905	1,123	714	82	2,092	1,931	2,214	1,419	160
Beef & veal (mt)	661	550	674	421	48	1,387	1,165	1,295	778	88
Pork (mt)	251	328	416	265	30	638	703	847	574	65
Dairy products (mt)	299	382	418	273	26	709	757	763	525	60
Poultry and products	--	--	--	--	--	91	122	93	63	7
Fats, oils, & greases (mt)	11	18	21	13	2	7	13	18	11	1
Hides & skins, incl. furskins	--	--	--	--	--	191	216	240	142	14
Wool, unmanufactured (mt)	38	59	43	36	5	124	193	145	111	14
Grains & feeds (mt)	1,611	1,805	2,070	1,478	248	448	534	604	440	55
Fruits, nuts, & preps., excl. juices (mt)	3,597	4,036	4,483	3,229	488	1,386	1,634	1,891	1,349	182
Bananas & plantains (mt)	2,516	2,727	3,022	2,032	276	585	666	752	494	67
Fruit juices (hl)	22,166	27,247	35,112	21,133	3,257	479	671	995	498	64
Vegetables & preps. (mt)	1,693	2,093	2,140	1,723	382	1,138	1,314	1,347	1,210	291
Tobacco, unmanufactured (mt)	239	190	191	137	19	734	563	556	409	53
Cotton, unmanufactured (mt)	8	32	31	31	4	7	17	17	12	1
Seeds (mt)	85	82	92	74	6	91	97	91	83	7
Nursery stock & cut flowers	--	--	--	--	--	228	292	318	250	39
Sugar, cane or beet (mt)	2,564	2,829	2,338	1,295	157	974	1,144	912	453	58
Oilseeds & products (mt)	1,021	1,137	1,271	1,005	124	493	799	784	457	54
Oilseeds (mt)	185	223	253	121	14	80	95	98	46	7
Protein meal (mt)	87	118	159	94	9	14	21	17	10	1
Vegetable oils (mt)	749	797	859	790	101	399	683	670	402	46
Beverages excl. fruit juices (hl)	12,426	14,120	15,494	9,647	1,305	1,346	1,547	1,622	1,192	174
Coffee, tea, cocoa, spices (mt)	1,701	1,776	1,868	1,330	170	3,984	4,777	4,983	4,178	619
Coffee, incl. products (mt)	1,061	1,128	1,128	852	111	2,832	3,300	3,244	3,008	467
Cocoa beans & products (mt)	464	451	539	339	39	829	1,058	1,285	826	91
Rubber & allied gums (mt)	654	809	799	564	49	582	854	680	426	42
Other	—	—	—	—	—	717	844	900	592	79
Total	—	—	—	—	—	16,373	18,916	19,740	14,276	2,006

*Fiscal years begin October 1 and end September 30. Fiscal year 1985 began Oct. 1, 1984 and ended Sept. 30, 1985. — Not available.

Information contact: Steve MacDonald (202) 786-1621.

Table 30. U.S. agricultural exports by regions

Region & country	Fiscal years*			Oct-May*	May	Change from year* earlier			Oct-May	May
	1983	1984	1985	1986	1986	1983	1984	1985	1986	1986
			$ Mil.					Percent		
Western Europe	10,148	9,265	7,184	5,480	481	-17	-9	-22	-2	33
European Community	9,465	8,650	6,664	5,177	444	-17	9	-23	-1	34
Belgium-Luxembourg	811	836	470	304	33	-13	3	-44	-10	93
France	517	510	396	332	28	-22	-1	-22	7	43
Germany, Fed. Rep.	1,454	1,260	900	815	60	-8	-13	-29	15	79
Italy	799	771	677	561	48	-23	-4	-12	0	37
Netherlands	2,821	2,227	1,927	1,626	161	-14	-21	-13	6	34
United Kingdom	821	790	628	468	54	-13	-4	-21	-1	31
Portugal	638	702	502	241	15	9	10	-28	-35	49
Spain, incl. Canary Islands	1,199	1,232	826	640	26	-37	3	-33	-1	-19
Other Western Europe	682	614	521	303	37	-14	-10	-15	-22	24
Switzerland	355	311	237	97	13	5	-12	-24	-50	-12
Eastern Europe	827	741	532	374	20	-10	-10	-28	-12	-30
Germany Dem. Rep.	123	132	81	46	0	-46	7	-39	-42	-84
Poland	232	197	126	27	4	29	-15	-36	-71	-56
Yugoslavia	249	180	137	97	5	39	-28	-24	-10	3
Romania	115	155	88	106	7	-21	35	-43	65	-15
USSR	983	2,512	2,509	1,050	29	-58	156	0	-57	-89
Asia	13,588	15,209	11,934	7,393	738	-4	12	-22	-14	-10
West Asia (Mideast)	1,482	1,865	1,452	807	73	0	26	-22	-24	-21
Turkey	28	222	129	90	9	-74	693	-42	-26	43
Iraq	323	423	371	214	19	139	31	-12	-24	-20
Israel	293	351	300	170	19	-14	20	-15	-21	36
Saudia Arabia	446	497	381	194	15	-6	11	-23	-27	-39
South Asia	1,170	867	600	374	14	64	-26	-31	-19	21
Bangladesh	153	157	205	49	0	25	3	31	-73	-92
India	762	376	129	57	9	146	-51	-66	-38	90
Pakistan	215	285	229	196	5	-2	33	-20	77	-1
East & Southeast Asia	10,936	12,477	9,882	6,253	651	-8	14	-21	-13	-9
China	546	692	239	77	1	-70	27	-65	-56	-74
Taiwan	1,237	1,409	1,342	805	82	6	14	-5	-19	4
Japan	5,888	6,935	5,663	3,739	387	3	18	-18	-11	-6
Korea, Rep.	1,713	1,816	1,400	880	103	7	6	-23	-8	-13
Hong Kong	344	407	396	267	30	-15	18	-3	2	2
Indonesia	410	438	204	108	25	-5	7	-53	-26	49
Philippines	380	300	285	174	4	19	-21	-5	-2	-86
Africa	2,272	2,868	2,529	1,420	137	-7	26	-12	-22	-35
North Africa	1,452	1,542	1,208	968	81	4	6	-22	2	-20
Morocco	225	341	156	119	7	33	52	-54	6	-21
Algeria	203	162	221	199	20	-8	-20	36	14	-15
Egypt	911	882	766	634	52	1	-3	-13	3	-24
Sub-Sahara	821	1,327	1,320	452	56	-22	62	-1	-47	-48
Nigeria	332	345	367	90	5	-38	4	6	-67	-74
Rep. S. Africa	130	525	189	35	2	-2	304	-64	-79	-81
Latin America & Caribbean	4,858	5,279	4,567	2,324	318	-2	9	-13	-28	9
Brazil	400	438	557	244	7	-31	10	27	-46	-60
Caribbean Islands	774	827	771	503	76	1	7	-7	-3	18
Central America	356	396	358	205	29	4	11	-10	-12	-10
Colombia	256	220	238	98	11	-6	-14	8	-41	-49
Mexico	1,777	1,966	1,566	795	127	19	11	-20	-33	48
Peru	258	227	106	64	5	-17	-12	-53	-18	53
Venezuela	617	778	721	282	51	-17	26	-7	-39	5
Canada	1,870	1,936	1,727	960	117	0	4	-11	-18	-18
Oceania	224	216	204	134	21	-24	-4	-6	-13	154
Total	34,769	38,027	31,187	19,135	1,860	-11	9	-18	-18	-12

*Fiscal years begin October 1 and end September 30. Fiscal year 1985 began Oct. 1, 1984 and ended Sept. 30, 1985.

Note: Adjusted for transshipments through Canada.

Information contact: Steve MacDonald (202) 786-1621.

Table 31.—Farm income statistics

	Calendar years										
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985 p	1986 F
	Billion dollars										
1. Farm receipts	96.4	97.5	114.1	133.7	142.0	144.6	145.5	138.8	144.9	144 to 148	131 to 137
Crops (incl. net CCC loans)	49.0	48.6	53.0	62.3	71.8	72.9	72.7	66.8	69.1	73 to 75	60 to 64
Livestock	46.3	47.6	59.2	69.2	68.0	69.2	70.3	69.4	72.7	68 to 70	67 to 71
Farm related 1/	1.1	1.2	1.9	2.2	2.3	2.5	2.6	2.5	3.0	2 to 4	2 to 4
2. Direct Government payments	0.7	1.8	3.0	1.4	1.3	1.9	3.5	9.3	8.4	7 to 9	10 to 13
Cash payments	0.7	1.8	3.0	1.4	1.3	1.9	3.5	4.1	4.0	7 to 9	9 to 12
Value of PIK commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.2	4.5	0	0 to 3
3. Total gross farm income	102.9	108.8	128.4	150.7	149.6	166.0	161.6	150.6	174.0	163 to 166	152 to 156
4. Gross cash income (1+2) 2/	97.2	99.3	117.1	135.1	143.3	146.5	149.0	148.1	153.3	152 to 155	145 to 149
5. Nonmoney income 3/	7.3	8.4	9.2	10.5	12.2	13.7	14.0	13.1	12.9	11 to 13	10 to 12
6. Value of inventory change	-1.5	1.1	2.1	5.0	-5.9	5.8	-1.4	-10.6	7.8	-4 to -1	-6 to -2
7. Cash expenses 4/	67.8	72.0	82.6	98.1	106.1	110.7	110.7	109.8	114.1	109 to 111	101 to 105
8. Total expenses	82.7	88.9	101.0	119.0	129.4	136.1	136.9	135.6	139.5	133 to 135	124 to 128
9. Net cash income (4-7)	29.4	27.3	34.6	37.0	37.2	35.8	38.3	38.3	39.2	43 to 46	42 to 46
10. Net farm income (3-8)	20.2	19.9	27.4	31.7	20.2	29.8	24.6	15.0	34.5	29 to 32	26 to 30
Deflated (1982$)	32.0	29.5	38.0	40.3	23.5	31.7	24.6	14.4	31.9	26 to 29	23 to 26
11. Off-farm income	26.7	26.1	29.7	33.8	35.1	36.9	37.9	38.8	40.0	40 to 42	40 to 44
12. Loan changes 5/: Real estate	5.2	7.6	7.6	13.0	9.4	9.3	4.0	2.5	-0.8	-5 to -4	-5 to -1
13. 5/: Nonreal estate	6.0	6.8	8.3	10.9	5.9	6.2	3.3	1.0	-0.7	-4 to -3	-3 to 1
14. Rental income plus monetary change	4.0	4.1	4.7	5.7	5.8	6.0	6.0	4.9	5.7	4 to 6	3 to 6
15. Capital expenditures 5/	14.0	15.0	17.9	19.9	18.0	16.8	13.7	13.0	12.5	11 to 13	9 to 13
16. Net cash flow (9+12+13+14-15)	30.6	30.8	37.2	46.7	40.4	40.6	37.9	33.6	31.0	29 to 32	31 to 35

p=preliminary. F=forecast. 1/ Income from machine hire, custom work, sales of forest products, and other misc. cash sources. 2/ Numbers in parentheses indicate the combination of items required to calculate a given item. 3/ Value of home consumption of self-produced food and imputed gross rental value of farm dwellings. 4/ Excludes capital consumption, perquisites to hired labor, and farm household expenses. 5/ Excludes farm households.

Information contact: Gary Lucier (202) 786-1807.

Table 32.—Cash receipts from farming

	Annual						1985		1986			
	1980	1981	1982	1983	1984	1985 p	Apr	Dec	Jan	Feb	Mar	Apr
	$ Mil.											
Farm marketings and CCC loans 1/	139,757	141,615	142,623	136,423	142,400	142,466	10,502	17,164	14,347	12,444	9,171	9,341
Livestock and products	67,990	69,150	70,248	69,413	72,818	69,386	5,808	6,481	5,600	5,305	4,994	5,354
Meat animals	41,231	39,748	40,917	38,894	40,833	38,241	3,209	3,701	3,030	2,850	2,819	2,938
Dairy products	16,364	18,095	18,232	18,759	17,943	18,134	1,615	1,424	1,484	1,428	1,296	1,438
Poultry and eggs	9,161	9,949	9,538	9,963	12,133	11,125	862	1,083	970	887	773	854
Other	1,233	1,357	1,560	1,799	1,908	1,884	122	273	116	140	105	124
Crops	71,768	72,464	72,375	67,010	69,582	73,082	4,694	10,683	8,748	7,139	4,178	3,987
Food grains	10,402	11,620	11,469	9,733	9,569	8,844	369	515	359	582	349	242
Feed crops	18,306	17,771	17,405	15,368	15,726	21,401	1,402	3,716	3,581	2,998	1,244	1,176
Cotton (lint and seed)	4,476	4,056	4,457	3,712	3,277	3,783	190	932	827	788	251	62
Tobacco	2,671	3,250	3,342	2,769	2,841	2,721	30	189	547	183	85	0
Oil-bearing crops	15,491	13,853	13,811	13,529	13,858	12,214	875	2,820	1,488	1,104	527	728
Vegetables and melons	7,299	8,773	8,113	8,517	9,288	8,644	650	457	412	629	503	712
Fruits and tree nuts	6,557	6,603	6,822	6,058	6,788	6,796	405	854	575	291	659	303
Other	6,558	6,544	6,958	7,324	8,237	8,680	774	1,200	960	563	560	765
Government payments	1,286	1,932	3,492	9,295	8,430	7,704	2,492	978	69	674	41	1,926
Total	141,043	143,547	146,115	145,718	150,830	150,170	12,994	18,142	14,416	13,118	9,212	11,267

1/ Receipts from loans represent value of commodities placed under CCC loans minus value of redemptions during the month. p = preliminary.

Information contact: Roger Strickland (202) 786-1804.

Table 33.—Cash receipts from farm marketings, by States

State	Livestock and Products				Crops 1/				Total 1/			
	1984	1985	Mar 1986	Apr 1986	1984	1985	Mar 1986	Apr 1986	1984	1985	Mar 1986	Apr 1986
	$ Mil. 2/											
North Atlantic												
Maine	264	228	20	19	167	127	10	12	431	355	31	31
New Hampshire	77	71	7	6	33	36	3	3	110	107	10	10
Vermont	372	352	30	29	30	31	2	2	402	383	32	31
Massachusetts	131	124	11	11	258	267	11	14	389	391	22	25
Rhode Island	14	13	1	1	48	49	4	5	62	63	5	6
Connecticut	220	206	18	16	125	110	7	8	346	316	25	24
New York	1,921	1,845	151	146	747	722	47	56	2,668	2,567	197	201
New Jersey	135	144	12	12	406	461	22	29	541	605	34	41
Pennsylvania	2,242	2,184	172	172	848	966	85	85	3,090	3,150	258	257
North Central												
Ohio	1,626	1,511	119	120	1,988	2,430	150	125	3,614	3,941	269	245
Indiana	1,781	1,709	120	120	2,426	2,870	140	114	4,207	4,579	260	234
Illinois	2,173	2,063	148	144	4,482	5,682	385	298	6,655	7,745	533	442
Michigan	1,298	1,231	89	87	1,496	1,619	110	106	2,794	2,850	199	194
Wisconsin	4,075	4,100	312	304	878	1,012	43	51	4,953	5,111	355	355
Minnesota	3,360	3,370	235	238	2,728	3,114	135	130	6,088	6,484	370	368
Iowa	5,015	4,866	268	367	3,920	4,390	253	208	8,935	9,256	521	574
Missouri	2,166	1,929	170	175	1,530	1,737	104	79	3,696	3,666	274	254
North Dakota	693	686	53	48	1,827	2,137	92	91	2,520	2,823	145	140
South Dakota	1,804	1,903	144	130	1,024	1,085	59	55	2,828	2,988	203	185
Nebraska	4,524	4,113	337	330	2,510	3,093	218	149	7,035	7,206	555	479
Kansas	3,614	3,264	294	301	2,406	2,477	80	66	6,020	5,741	374	367
Southern												
Delaware	383	352	31	33	143	137	4	5	527	490	35	38
Maryland	810	770	64	70	369	378	10	13	1,179	1,148	74	84
Virginia	1,121	1,004	73	87	665	624	20	14	1,786	1,628	92	102
West Virginia	183	192	15	16	43	50	3	2	225	242	18	18
North Carolina	1,941	1,934	136	140	2,253	1,982	40	43	4,194	3,916	176	183
South Carolina	427	415	32	27	736	618	17	14	1,164	1,033	49	42
Georgia	1,848	1,663	141	144	1,769	1,499	51	47	3,618	3,163	192	191
Florida	1,091	1,015	87	88	3,642	3,724	356	623	4,733	4,739	443	711
Kentucky	1,415	1,352	75	76	1,288	1,519	43	29	2,703	2,871	118	105
Tennessee	1,010	1,016	84	84	1,051	1,057	23	15	2,061	2,072	107	99
Alabama	1,388	1,301	108	116	840	805	21	22	2,228	2,106	129	139
Mississippi	1,046	1,010	78	83	1,117	1,126	29	24	2,163	2,136	107	107
Arkansas	1,885	1,825	143	153	1,396	1,457	41	-1	3,282	3,283	184	150
Louisiana	480	512	36	40	1,156	973	53	59	1,636	1,485	89	99
Oklahoma	1,776	1,721	121	116	874	935	34	34	2,650	2,656	155	151
Texas	5,901	5,437	461	549	3,585	3,870	149	120	9,486	9,307	610	669
Western												
Montana	717	802	52	51	649	405	20	26	1,366	1,207	72	76
Idaho	901	862	77	64	1,383	1,200	53	51	2,284	2,063	129	115
Wyoming	472	479	37	33	114	110	5	3	586	589	42	35
Colorado	2,205	2,027	204	181	1,141	1,145	44	56	3,345	3,172	248	238
New Mexico	657	718	57	45	334	369	16	14	991	1,086	73	59
Arizona	753	702	52	50	896	830	119	27	1,650	1,531	172	77
Utah	449	409	30	33	139	136	8	8	588	546	39	41
Nevada	172	144	14	14	79	78	9	8	251	222	23	22
Washington	1,031	932	76	73	2,100	1,866	100	99	3,132	2,798	175	172
Oregon	630	622	42	41	1,220	1,156	53	47	1,850	1,778	95	88
California	4,529	4,165	311	301	10,234	10,179	667	784	14,763	14,344	978	1,085
Alaska	7	8	1	1	18	18	1	1	25	26	2	2
Hawaii	87	83	7	7	465	420	35	33	552	503	42	41
United States	72,820	69,385	5,354	5,492	69,582	73,081	3,987	3,908	142,401	142,466	9,341	9,401

1/ Sales of farm products include receipts from commodities placed under CCC loans minus value of redemptions during the period.
2/ Estimates as of the end of current month. Rounded data may not add.

Information contact: Roger Strickland (202) 786-1804.

Transportation

Table 34.—Rail rates; grain and fruit-vegetable shipments; truck costs

	Annual			1985		1986				
	1983	1984	1985	May	Dec	Jan	Feb	Mar	Apr	May
Rail freight rate index 1/										
(Dec 1984 = 100)										
All products	95.0	99.3	100.0	100.0	98.8	101.0	101.0 p	101.0 p	100.9 p	100.9 p
Farm products	94.0	98.7	99.0	99.5	98.8	99.6	99.6 p	99.6 p	99.7 p	99.8 p
Grain	94.0	98.6	98.3	98.7	98.0	98.9	98.9 p	98.9 p	99.0 p	99.1 p
Food products	94.8	99.1	100.1	100.1	100.1	101.1	101.1 p	100.7 p	100.7 p	100.7 p
Grain										
Rail carloadings (thou. cars) 2/	26.1	27.2	22.5	17.7	23.4 p	25.0 p	22.7 p	20.7 p	18.0 p	17.6 p
Fresh fruit & vegetable shipments										
Piggy back (thou. cwt.) 3/ 4/	545	570	599	851	506	590	534	604	668	920
Rail (thou. cwt.) 3/ 4/	786	640	514	556	590	579	566	489	447	690
Truck (thou. cwt.) 3/ 4/	7,923	8,006	8,116	10,092	7,858	7,665	7,596	8,160	9,143	11,219
Cost of operating trucks hauling produce 5/										
Owner operator (cts./mile)	114.2	115.5	116.1	115.4	119.0	118.4	115.4	113.0	112.7	113.0
Fleet operation (cts./mile)	112.7	115.3	116.7	114.4	119.9	118.9	116.5	113.4	113.3	113.4

1/ Department of Labor, Bureau of Labor Statistics, revised March 1985. 2/ Weekly average; from Association of American Railroads. 3/ Weekly average; from Agricultural Marketing Service, USDA. 4/ Preliminary data for 1985 and 1986. 5/ Office of Transportation, USDA. p = preliminary.

Information contact: T.Q. Hutchinson (202) 786-1864.

Indicators of Farm Productivity

Table 35.—Indexes of farm production, input use, and productivity

(See the April 1986 issue.)

Information contact: Charles Cobb (202) 786-1803.

Food Supply and Use

Table 36.—Supply and use of fertilizer

(See the June 1986 issue, page 23.)

Information contact: Paul Andrilenas (202) 786-1456.

Table 37.—Per capita food consumption indexes (1967 = 100)

(See the Nov. 1985 issue.)

Information contact: Karen Bunch (202) 786-1870.

Table 38.—Per capita consumption of major food commodities (retail weight)

(See the Oct. 1985 issue.)

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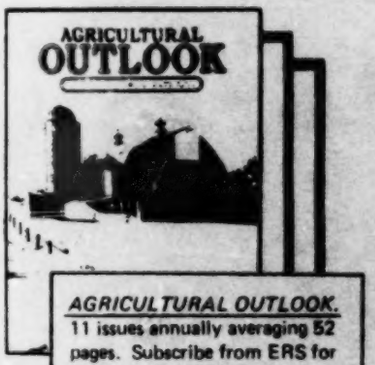

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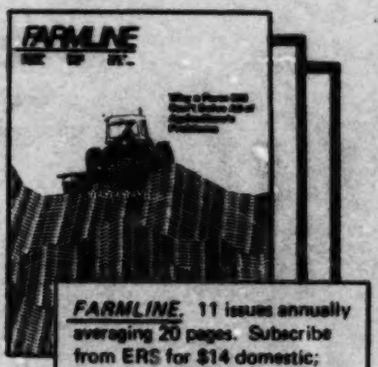

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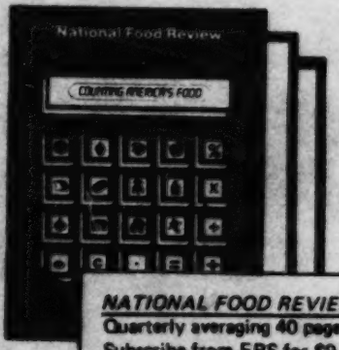

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